

AMENDED IN SENATE JUNE 1, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 991**

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**Introduced by Committee on Public Employees, Retirement, and Social Security (Assembly Members Bonta (Chair), Cooley, Jones-Sawyer, O'Donnell, and Rendon)**

February 26, 2015

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An act to amend Sections 22001.5, 22119.2, 22119.3, 22121, 22141, 22404, 22509, 22515, 22711, 22714, 22717, 22900, 22903, 22950, 23001, 24114, 24209, 24209.3, 24210, 24211, 24212, 24213, 24214, 24214.5, 26000, 26002.5, 26132, 26139.5, 26400, 26401, 26506, 26806, 26807.6, 26812, 26906.6, ~~and 27100~~ 27100, 44987, and 87768.5 of, and to add ~~Section~~ Sections 22144.3 and 26142.5 to, the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 991, as amended, Committee on Public Employees, Retirement, and Social Security. State teachers' retirement.

Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. STRS is governed by the Teachers' Retirement Board. Existing law defines credited service for these purposes as service from which required contributions have been paid. Existing law permits the board to amend the plan to dispense with payment for amounts less than \$10. Existing law permits specified employers participating in STRS, if it is in the best interests of the school district or office of education, to

grant an additional 2 years of service credit in order to encourage retirement, if specified conditions are met. Existing law authorizes specified payments made pursuant to the Teachers' Retirement Law, including disability retirement benefits and compensation for postretirement activities, to be reduced if they are in excess of specified limits. Existing law permits members retired for disability or service from STRS to perform member activities without reinstatement into the system if certain conditions are met. *Existing law prescribes different retirement allowance formulations for members who retire after reinstating from retirement depending on the circumstances of their service after reinstatement, and whether they return to employment subject to the Defined Benefit Program, among other factors.*

This bill would revise the definition of credited service for purposes of STRS to include service for which required contributions would have been made in absence of specified federal limits. *The bill would define leave of absence as a period of leave to which a member is entitled that is expressly authorized or required pursuant to specified provisions.* The bill would revise the provisions authorizing the board to dispense with the payment for amounts less than \$10 to be more specific in regard to the types of payments and to include adjustments to those payments. The bill would require, in regard to the grant of additional service credit to encourage retirement, ~~to require as a condition of that grant~~ that necessary documentation be provided to the retirement system within a specified time. ~~The~~

*This bill would also make various technical changes to accurately cross-reference current law regarding contributions to fund the system. The bill would specify how reductions in payments are to be made in connection with the amount received in a particular month. The bill would provide that the election of membership in the Defined Benefit Program by certain people, including substitute teachers, is not terminated until the person receives a refund of contributions. The bill would make various technical, conforming, and correctional changes to provisions relating to retirement allowance formulations for members who reinstate after retiring, and who retire after receiving a disability allowance, including changing the member's age at retirement to refer to the member's age on the last day of the month the allowance will begin. The bill would make other technical, conforming changes, and corrections.*

Existing law establishes the Cash Balance Benefit Program, administered by the Teachers' Retirement Board, as a separate benefit

program within the State Teachers' Retirement Plan in order to provide a retirement plan for persons employed to perform creditable service for less than 50% of full-time service. Existing law states legislative findings and declarations regarding the purpose of the Cash Balance Plan offered pursuant to the program. Existing law defines a participant for these purposes and prescribes the circumstances pursuant to which a person is permitted to participate in the program and how participation may be terminated and service *may* be subject to the Defined Benefit Program offered by STRS. Existing law provides that the normal form of retirement benefit under the Cash Balance Benefit Program is a lump-sum payment.

This bill would revise the statement of legislative findings regarding the Cash Balance Benefit Program to specify that it applies to a person working for an employer, except a community college district, that offers the plan, a person who is employed on temporary basis, as specified, by a community college district offering the plan, or a person employed as a substitute employee. The bill would revise the definition of a participant in the plan to require that he or she has not received a lump-sum retirement benefit, as specified. The bill would define the system's headquarters office for purposes of the program. The bill would revise the circumstances pursuant to which a person providing creditable service would be eligible to participate in the plan with reference to whether a person has elected an alternative retirement program, whether a participant's employment with a community college district precludes continued participation in the plan, and how a substitute employee may become and remain a member of the plan. *The bill would authorize a member of the Defined Benefit Program employed to perform creditable service as a substitute to elect to have that service covered under the Cash Balance Benefit Program, subject to certain conditions.*

*This bill would also prohibit payment of a lump-sum retirement benefit before 180 days have elapsed following termination of employment and would require automatic termination of an application for the retirement benefit based on the participant performing creditable service with 180 days of terminating employment, except as specified. The bill would specify how reductions in payments under the Cash Balance Benefit Program are to be made in connection with the amount received in a particular month. The bill would require, with regard to a participant retired for service, that the retired participant application for the retirement benefit be canceled automatically if he or she is anticipated to receive the retirement in a lump-sum payment and earns*

compensation for performing creditable service with 180 days after termination of employment. The bill would make other technical, conforming changes, and corrections in the Cash Balance Benefit Program.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 22001.5 of the Education Code is  
2     amended to read:  
3     22001.5. The Legislature hereby finds and declares that on  
4     July 1, 1996, the State Teachers' Retirement System Cash Balance  
5     Plan was created and established to provide a retirement plan for  
6     persons employed by an employer offering the Cash Balance Plan,  
7     excluding community college districts, to perform creditable  
8     service for less than 50 percent of the full-time equivalent for the  
9     position or employed by a community college district offering the  
10    Cash Balance Plan to perform creditable service on a temporary  
11    basis pursuant to Section 87474, 87478, 87480, 87481, 87482, or  
12    87482.5, or employed by an employer offering the Cash Balance  
13    Plan to perform creditable service as a substitute employee. The  
14    persons eligible for the Cash Balance Plan were excluded from  
15    mandatory membership in the State Teachers' Retirement System  
16    Defined Benefit Plan. Both plans are administered by the Teachers'  
17    Retirement Board. Prior to the creation and establishment of the  
18    Cash Balance Plan, the State Teachers' Retirement System Defined  
19    Benefit Plan had been identified simply as the State Teachers'  
20    Retirement System. As a result, the system was identified as both  
21    the administrative body and the retirement plan. The State  
22    Teachers' Retirement Law was amended to identify the retirement  
23    plan as the State Teachers' Retirement System Defined Benefit  
24    Plan in order to distinguish that plan from the Cash Balance Plan.  
25    Because both plans were intended to provide for the retirement of  
26    teachers and other persons employed in connection with public  
27    schools of this state and schools supported by this state, a merger  
28    of these two plans is now hereby made for the purpose of  
29    establishing a single retirement plan that shall be known and may  
30    be cited as the State Teachers' Retirement Plan consisting of the  
31    different benefit programs set forth in this part and Part 14

1 (commencing with Section 26000). This plan shall be administered  
2 by the Teachers' Retirement Board as set forth in this part and Part  
3 14 (commencing with Section 26000). This part, together with  
4 Part 14 (commencing with Section 26000) shall be known and  
5 may be cited as the Teachers' Retirement Law.

6 *SEC. 2. Section 22119.2 of the Education Code is amended to*  
7 *read:*

8 22119.2. (a) "Creditable compensation" means remuneration  
9 that is paid in cash by an employer to all persons in the same class  
10 of employees for performing creditable service in that position.  
11 Creditable compensation shall include:

12 (1) Salary or wages paid in accordance with a publicly available  
13 written contractual agreement, including, but not limited to, a  
14 salary schedule or employment agreement.

15 (2) Remuneration that is paid in addition to salary or wages,  
16 provided it is paid to all persons who are in the same class of  
17 employees in the same dollar amount, the same percentage of  
18 salary or wages, or the same percentage of the amount being  
19 distributed.

20 (3) Remuneration that is paid for the use of sick leave, ~~vacation,~~  
21 ~~and other vacation leave, or an employer-approved leave,~~  
22 ~~compensated leave of absence,~~ except as provided in paragraph  
23 (4) of subdivision (c).

24 (4) Member contributions that are picked up by an employer  
25 pursuant to Section 22903 or 22904.

26 (5) Amounts that are deducted from a member's remuneration,  
27 including, but not limited to, deductions for participation in a  
28 deferred compensation plan; deductions to purchase an annuity  
29 contract, tax-deferred retirement plan, or insurance program; and  
30 contributions to a plan that meets the requirements of Section 125,  
31 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United  
32 States Code.

33 (6) Any other payments the board determines to be "creditable  
34 compensation."

35 (b) Any creditable compensation determined by the system to  
36 have been paid to enhance a member's benefits shall not be credited  
37 under the Defined Benefit Program. Contributions on that  
38 compensation shall be credited to the Defined Benefit Supplement  
39 Program. A presumption by the system that creditable  
40 compensation was paid to enhance a member's benefits may be

1 rebutted by the member or by the employer on behalf of the  
2 member. Upon receipt of sufficient evidence to the contrary, a  
3 presumption by the system that creditable compensation was paid  
4 to enhance the member's benefits may be reversed.

5 (c) "Creditable compensation" does not mean and shall not  
6 include:

7 (1) Remuneration that is not paid in cash or is not paid to all  
8 persons who are in the same class of employees.

9 (2) Remuneration that is paid for service that is not creditable  
10 service pursuant to Section 22119.5.

11 (3) Remuneration that is paid in addition to salary or wages if  
12 it is not paid to all persons in the same class of employees in the  
13 same dollar amount, the same percentage of salary or wages, or  
14 the same percentage of the amount being distributed pursuant to  
15 paragraph (2) of subdivision (a).

16 (4) Remuneration that is paid in exchange for the relinquishment  
17 of unused accumulated leave.

18 (5) Payments, including, but not limited to, those for  
19 participation in a deferred compensation plan; to purchase an  
20 annuity contract, tax-deferred retirement plan, or insurance  
21 program; and for contributions to a plan that meets the requirements  
22 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title  
23 26 of the United States Code when the cost is covered by an  
24 employer and is not deducted from the member's salary.

25 (6) Fringe benefits provided by an employer.

26 (7) Expenses paid or reimbursed by an employer.

27 (8) Severance pay, including lump-sum and installment  
28 payments, or money paid in excess of salary or wages to a member  
29 as compensatory damages or as a compromise settlement.

30 (9) Any other payments the board determines not to be  
31 "creditable compensation."

32 (d) An employer or individual who knowingly or willfully  
33 reports compensation in a manner inconsistent with subdivision  
34 (a) or (c) may be subject to prosecution for fraud, theft, or  
35 embezzlement in accordance with the Penal Code. The system  
36 may establish procedures to ensure that compensation reported by  
37 an employer is in compliance with this section.

38 (e) For purposes of this section, remuneration shall be considered  
39 paid if distributed to any person in the same class of employees  
40 who meets the qualifications or requirements specified in a publicly

1 available written contractual agreement, including, but not limited  
2 to, a collective bargaining agreement or an employment agreement,  
3 as a condition of receiving the remuneration.

4 (f) This definition of “creditable compensation” reflects sound  
5 principles that support the integrity of the retirement fund. Those  
6 principles include, but are not limited to, consistent treatment of  
7 compensation throughout a member’s career, consistent treatment  
8 of compensation among an entire class of employees, consistent  
9 treatment of compensation for the position, preventing adverse  
10 selection, and excluding from compensation earnable remuneration  
11 that is paid to enhance a member’s benefits. The system shall  
12 determine the appropriate crediting of contributions between the  
13 Defined Benefit Program and the Defined Benefit Supplement  
14 Program according to these principles, to the extent not otherwise  
15 specified pursuant to this part.

16 (g) The section shall become operative on July 1, 2002.

17 (h) This section shall not apply to a member subject to the  
18 California Public Employees’ Pension Reform Act of 2013.

19 *SEC. 3. Section 22119.3 of the Education Code is amended to*  
20 *read:*

21 22119.3. (a) “Creditable compensation” for members who are  
22 subject to the California Public Employees’ Pension Reform Act  
23 of 2013 means remuneration that is paid each pay period in which  
24 creditable service is performed for that position. Creditable  
25 compensation shall be paid in cash by an employer to all persons  
26 in the same class of employees in accordance with a publicly  
27 available written contractual agreement, including, but not limited  
28 to, a salary schedule or employment agreement. Creditable  
29 compensation shall include:

30 (1) Remuneration that is paid for the use of sick leave, ~~vacation,~~  
31 ~~and other vacation leave, or an employer-approved leave,~~  
32 *compensated leave of absence*, except as provided in paragraph  
33 (4) of subdivision (b).

34 (2) Member contributions that are picked up by an employer  
35 pursuant to Section 22903 or 22904.

36 (3) Amounts that are deducted from a member’s remuneration,  
37 including, but not limited to, deductions for participation in a  
38 deferred compensation plan; deductions to purchase an annuity  
39 contract, tax-deferred retirement plan, or insurance program; and  
40 contributions to a plan that meets the requirements of Section 125,

1 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United  
2 States Code.

3 (4) Notwithstanding paragraphs (6) and (8) of subdivision (c)  
4 of Section 7522.34 of the Government Code, remuneration that is  
5 paid for creditable service that exceeds one year in a school year.

6 (b) "Creditable compensation" does not mean and shall not  
7 include:

8 (1) Remuneration that is not paid in cash or is not paid to all  
9 persons who are in the same class of employees.

10 (2) Remuneration that is paid for service that is not creditable  
11 service pursuant to Section 22119.5.

12 (3) Remuneration that is not paid each pay period in which  
13 creditable service is performed for that position.

14 (4) Remuneration that is paid in exchange for the relinquishment  
15 of unused accumulated leave.

16 (5) Payments, including, but not limited to, those for  
17 participation in a deferred compensation plan; to purchase an  
18 annuity contract, tax-deferred retirement plan, or insurance  
19 program; and for contributions to a plan that meets the requirements  
20 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title  
21 26 of the United States Code when the cost is covered by an  
22 employer.

23 (6) Fringe benefits provided by an employer.

24 (7) Expenses paid or reimbursed by an employer.

25 (8) Severance pay, including lump sum and installment  
26 payments, or money paid in excess of salary or wages to a member  
27 as compensatory damages or as a compromise settlement.

28 (9) Creditable compensation determined by the system to have  
29 been paid to enhance a member's benefit.

30 (10) Compensation paid to the member in lieu of benefits  
31 provided to the member by the employer or paid directly by the  
32 employer to a third party other than the system for the benefit of  
33 the member.

34 (11) Any one-time or ad hoc payments made to a member.

35 (12) Any employer-provided allowance, reimbursement, or  
36 payment, including, but not limited to, one made for housing,  
37 vehicle, or uniform.

38 (13) Any bonus paid in addition to compensation described in  
39 subdivision (a).



1 (14) Any other payments the board determines not to be  
2 “creditable compensation.”

3 (c) (1) Except for purposes of calculating credited service in  
4 the Defined Benefit Program and for reporting compensation  
5 earnable on or after January 1, 2013, creditable compensation in  
6 any fiscal year shall not exceed:

7 (A) One hundred twenty percent of the “contribution and benefit  
8 base,” as determined under Section 430(b) of the Social Security  
9 Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a member  
10 whose service is not included in the federal system.

11 (B) One hundred percent of the “contribution and benefit base,”  
12 as determined under Section 430(b) of the Social Security Act (42  
13 U.S.C. Sec. 430(b)), on January 1, 2013, for a member whose  
14 service is included in the federal system pursuant to any changes  
15 in state or federal law enacted on or after January 1, 2013.

16 (2) The system shall adjust the limit based on the annual changes  
17 to the Consumer Price Index for All Urban Consumers: U.S. City  
18 Average, calculated by dividing the Consumer Price Index for All  
19 Urban Consumers: U.S. City Average for the month of February  
20 in the fiscal year preceding the adjustment by the Consumer Price  
21 Index for All Urban Consumers: U.S. City Average for the month  
22 of February of the previous year rounded to the nearest thousandth.  
23 Notwithstanding paragraph (1) of subdivision (d) of Section  
24 7522.10 of the Government Code, the adjustment shall be effective  
25 annually on July 1, beginning July 1, 2014.

26 (3) The Legislature reserves the right to modify the requirements  
27 of this subdivision with regard to all members subject to this  
28 subdivision, except that the Legislature may not modify these  
29 provisions in a manner that would result in a decrease in benefits  
30 accrued prior to the effective date of the modification.

31 (4) This subdivision shall apply to compensation paid during  
32 the 2013–14 fiscal year and each fiscal year thereafter.

33 (d) An employer or individual who knowingly or willfully  
34 reports compensation in a manner inconsistent with subdivision  
35 (a) or (b) may be subject to prosecution for fraud, theft, or  
36 embezzlement in accordance with the Penal Code. The system  
37 may establish procedures to ensure that compensation reported by  
38 an employer is in compliance with this section.

39 (e) For purposes of this section, remuneration shall be considered  
40 paid if distributed to any person in the same class of employees

1 who meets the qualifications or requirements specified in a publicly  
2 available written contractual agreement, including, but not limited  
3 to, a collective bargaining agreement or an employment agreement,  
4 as a condition of receiving the remuneration.

5 (f) This definition of “creditable compensation” reflects sound  
6 principles that support the integrity of the retirement fund. Those  
7 principles include, but are not limited to, consistent treatment of  
8 compensation throughout a member’s career, consistent treatment  
9 of compensation among an entire class of employees, consistent  
10 treatment of compensation for the position, preventing adverse  
11 selection, and excluding from creditable compensation  
12 remuneration that is paid to enhance a member’s benefits. The  
13 system shall determine the appropriate crediting of contributions  
14 according to these principles, to the extent not otherwise specified  
15 pursuant to this part. A presumption by the system that creditable  
16 compensation was paid to enhance the member’s benefits may be  
17 rebutted by the member or by the employer on behalf of the  
18 member. Upon receipt of sufficient evidence to the contrary, a  
19 presumption by the system that creditable compensation was paid  
20 to enhance the member’s benefits may be reversed.

21 ~~SEC. 2.~~

22 *SEC. 4.* Section 22121 of the Education Code is amended to  
23 read:

24 22121. (a) “Credited service” means service for which the  
25 required contributions have been paid and service for which  
26 required contributions would have been paid in absence of the  
27 limit prescribed by Section 401(a)(17) of Title 26 of the United  
28 States Code as described in Section 22317.5.

29 (b) “Credited service” for members who are subject to the  
30 California Public Employees’ Pension Reform Act of 2013 means  
31 service for which required contributions have been paid and service  
32 for which required contributions would have been paid in absence  
33 of the limit established by subdivision (c) of Section 22119.3.

34 (c) “Credited service” for the limited purpose of determining  
35 eligibility for benefits pursuant to Section 22134.5, 24203.5, or  
36 24203.6 also includes up to two-tenths of one year of service  
37 granted pursuant to Section 22717.

38 ~~SEC. 3.~~

39 *SEC. 5.* Section 22141 of the Education Code is amended to  
40 read:

1 22141. (a) Notwithstanding Section 22140, “improvement  
2 factor” means an increase of 2 percent in benefits provided under  
3 Sections 24408 and 24409 for each year commencing ~~on~~ September  
4 1, 1981, and under Section 24410.5 for each year commencing  
5 September 1, 2001, and under Sections 24410.6 and 24410.7 for  
6 each year commencing September 1, 2002. The improvement  
7 factor shall not be compounded nor shall it be applicable to  
8 annuities payable from the accumulated annuity deposit  
9 contributions or the accumulated tax-sheltered annuity  
10 contributions. The Legislature reserves the right to adjust the  
11 amount of the improvement factor up or down as the economic  
12 conditions dictate. No adjustments of the improvement factor shall  
13 reduce the monthly retirement allowance or benefit below that  
14 which would be payable to the recipient under this part had this  
15 section not been enacted.

16 (b) Beginning July 1, 2014, the improvement factor shall vest  
17 for an active member in any calendar year in which active members  
18 paid increased member contributions pursuant to Section 22901.7.

19 (c) If, for any reason, the increased employee contribution  
20 referenced in subdivision (b), and as required by subdivisions (a)  
21 and (b) of Section 22901.7, ceases to be legally required to be  
22 made pursuant to the act that added this subdivision, then the  
23 Legislature reserves the right to adjust the amount of the  
24 improvement factor up or down as the economic conditions dictate  
25 for all members who retire on or after January 1, 2014. No  
26 adjustments of the improvement factor shall reduce the monthly  
27 retirement allowance or benefit below that which would be payable  
28 to the recipient under this part had this section not been enacted.

29 (d) For members who retired before the calendar year in which  
30 Section 22901.7 was added, the Legislature reserves the right to  
31 adjust the amount of the improvement factor up or down as the  
32 economic conditions dictate. No adjustments of the improvement  
33 factor shall reduce the monthly retirement allowance or benefit  
34 below that which would be payable to the recipient under this part  
35 had this section not been enacted.

36 *SEC. 6. Section 22144.3 is added to the Education Code, to*  
37 *read:*

38 22144.3. “Leave of absence” means a period of leave to which  
39 a member is entitled that is expressly authorized or required by  
40 Chapter 4 (commencing with Section 44800) of Part 25 of Division

1 3 of Title 2, or Chapter 1 (commencing with Section 87000) or  
2 Chapter 3 (commencing with Section 87400) of Part 51 of Division  
3 7 of Title 3.

4 ~~SEC. 4.~~

5 SEC. 7. Section 22404 of the Education Code is amended to  
6 read:

7 22404. (a) Notwithstanding any other provision of this part  
8 or Part 14 (commencing with Section 26000) to the contrary, the  
9 board may establish by plan amendment a specified amount or  
10 amounts, not to exceed ten dollars (\$10), below which the system  
11 may dispense with:

12 (1) The processing of a benefit payment, an annuity payment,  
13 or any other payment, including adjustments to those payments,  
14 payable to a member, participant, or beneficiary.

15 (2) The collection of a benefit overpayment, annuity  
16 overpayment, or any other overpayments paid to a member,  
17 participant, or beneficiary.

18 (b) When the cumulative dollar amount associated with one or  
19 more benefit payments or overpayments, annuity payments or  
20 overpayments, or other payments or overpayments equals or  
21 exceeds the amount described in subdivision (a), that amount shall  
22 be paid to, or collected from, the member, participant, or  
23 beneficiary. That cumulative amount paid or collected shall not  
24 be credited with interest.

25 ~~SEC. 5.~~

26 SEC. 8. Section 22509 of the Education Code is amended to  
27 read:

28 22509. (a) Within 10 working days of the date of hire of an  
29 employee who has the right to make an election pursuant to Section  
30 22508 or 22508.5, the employer shall inform the employee of the  
31 right to make an election and shall make available to the employee  
32 written information provided by each retirement system concerning  
33 the benefits provided under that retirement system to assist the  
34 employee in making an election.

35 (b) Any election made pursuant to subdivision (a) of Section  
36 22508 or subdivision (a) of Section 22508.5 shall be filed with the  
37 office of the State Teachers' Retirement System and a copy of the  
38 election shall be filed with the other public retirement system. Any  
39 election made pursuant to subdivision (c) of Section 22508 or  
40 subdivision (b) of Section 22508.5 shall be filed with the office

1 of the Public Employees' Retirement System and a copy of the  
2 election shall be filed with the office of this system.

3 (c) Any election made pursuant to Section 22508 or Section  
4 22508.5 shall become effective as of the first day of employment  
5 in the position that qualified the employee to make an election.

6 *SEC. 9. Section 22515 of the Education Code is amended to*  
7 *read:*

8 22515. Persons excluded from membership pursuant to Sections  
9 22601.5, 22602, and 22604 may elect membership in the Defined  
10 Benefit Program at any time while employed to perform creditable  
11 service subject to coverage under that program. The election shall  
12 be in writing on a form prescribed by this system and shall be filed  
13 in the office of this system prior to submission of contributions.  
14 The election is irrevocable and shall remain in effect until the  
15 member terminates ~~employment~~ *employment and receives a refund*  
16 *of accumulated retirement contributions*. The amendments to this  
17 section enacted during the 1995–96 Regular Session shall be  
18 deemed to have become operative on July 1, 1996.

19 *SEC. 10. Section 22711 of the Education Code is amended to*  
20 *read:*

21 22711. (a) A member under this part shall be granted service  
22 credit for time during which the member serves as an elected officer  
23 of an employee organization while on a compensated leave of  
24 absence pursuant to Section 44987 or 87768.5, if all of the  
25 following conditions are met:

26 (1) The member was employed and performed creditable service  
27 subject to coverage under this Defined Benefit Program in the  
28 month prior to commencement of the leave of absence.

29 (2) The member makes contributions to the Teachers'  
30 Retirement Fund in the amount that the member would have  
31 contributed had the member performed creditable service on a  
32 full-time basis during the period the member served as an elected  
33 officer of the employee organization.

34 (3) The member's employer contributes to the Teachers'  
35 Retirement Fund at a rate adopted by the board as a plan  
36 amendment with respect to the Defined Benefit Program an amount  
37 based upon the creditable compensation that would have been paid  
38 to the member had the member performed creditable service on a  
39 full-time basis during the period the member served as an elected  
40 officer of the employee organization.

1 (b) ~~The maximum period of time during which a member may~~  
2 ~~serve as an elected officer and receive service credit~~ *a member*  
3 ~~may receive~~ pursuant to this section shall not exceed 12 ~~calendar~~  
4 years.

5 ~~SEC. 6.~~

6 *SEC. 11.* Section 22714 of the Education Code is amended to  
7 read:

8 22714. (a) Whenever the governing board of a school district  
9 or a community college district or a county office of education,  
10 by formal action, determines pursuant to Section 44929 or 87488  
11 that, because of impending curtailment of, or changes in, the  
12 manner of performing services, the best interests of the district or  
13 county office of education would be served by encouraging  
14 certificated employees or academic employees to retire for service  
15 and that the retirement will result in a net savings to the district or  
16 county office of education, an additional two years of service credit  
17 shall be granted under this part to a member of the Defined Benefit  
18 Program if all of the following conditions exist:

19 (1) The member is credited with five or more years of service  
20 credit and retires for service under Chapter 27 (commencing with  
21 Section 24201) during a period of not more than 120 days or less  
22 than 60 days, commencing no sooner than the effective date of the  
23 formal action of the employer that shall specify the period.

24 (2) The documentation required by this section is received by  
25 the system no later than 30 calendar days after the last day of the  
26 window period established in paragraph (1).

27 (3) (A) The employer transfers to the retirement fund an amount  
28 determined by the Teachers' Retirement Board to equal the  
29 actuarial equivalent of the difference between the allowance the  
30 member receives after receipt of service credit pursuant to this  
31 section and the amount the member would have received without  
32 the service credit and an amount determined by the Teachers'  
33 Retirement Board to equal the actuarial equivalent of the difference  
34 between the purchasing power protection supplemental payment  
35 the member receives after receipt of service credit pursuant to this  
36 section and the amount the member would have received without  
37 the service credit. The payment for purchasing power shall be  
38 deposited in the Supplemental Benefit Maintenance Account  
39 established by Section 22400 and shall be subject to Section 24415.  
40 The transfer to the retirement fund shall be made in a manner and

1 a time period, not to exceed eight years, that is acceptable to the  
2 Teachers' Retirement Board. The employer shall transfer the  
3 required amount for all eligible employees who retire pursuant to  
4 this section.

5 (B) Regular interest shall be charged on the unpaid balance if  
6 the employer makes the transfer to the retirement fund in  
7 installments.

8 (4) The employer transmits to the retirement fund the  
9 administrative costs incurred by the system in implementing this  
10 section, as determined by the Teachers' Retirement Board.

11 (5) The employer has considered the availability of teachers or  
12 academic employees to fill the positions that would be vacated  
13 pursuant to this section.

14 (b) (1) The school district shall demonstrate and certify to the  
15 county superintendent that the formal action taken would result in  
16 a net savings to the district.

17 (2) The county superintendent shall certify to the Teachers'  
18 Retirement Board that the result specified in paragraph (1) can be  
19 demonstrated. The certification shall include, but not be limited  
20 to, the information specified in subdivision (c) of Section 14502.1.

21 (3) The school district shall reimburse the county superintendent  
22 for all costs to the county superintendent that result from the  
23 certification.

24 (c) (1) The county office of education shall demonstrate and  
25 certify to the Superintendent of Public Instruction that the formal  
26 action taken would result in a net savings to the county office of  
27 education.

28 (2) The Superintendent of Public Instruction shall certify to the  
29 Teachers' Retirement Board that the result specified in paragraph  
30 (1) can be demonstrated. The certification shall include, but not  
31 be limited to, the information specified in subdivision (c) of Section  
32 14502.1.

33 (3) The Superintendent of Public Instruction may request  
34 reimbursement from the county office of education for all  
35 administrative costs that result from the certification.

36 (d) (1) The community college district shall demonstrate and  
37 certify to the chancellor's office that the formal action taken would  
38 result in a net savings to the district.

39 (2) The chancellor shall certify to the Teachers' Retirement  
40 Board that the result specified in paragraph (1) can be

1 demonstrated. The certification shall include, but not be limited  
2 to, the information specified in subdivision (c) of Section 84040.5.

3 (3) The chancellor may request reimbursement from the  
4 community college district for all administrative costs that result  
5 from the certification.

6 (e) The opportunity to be granted service credit pursuant to this  
7 section shall be available to all members employed by the school  
8 district, community college district, or county office of education  
9 who meet the conditions set forth in this section.

10 (f) The amount of service credit shall be two years.

11 (g) Any member of the Defined Benefit Program who retires  
12 under this part for service under Chapter 27 (commencing with  
13 Section 24201) with service credit granted under this section and  
14 who subsequently reinstates shall forfeit the service credit granted  
15 under this section.

16 (h) Any member of the Defined Benefit Program who retires  
17 under this part for service under Chapter 27 (commencing with  
18 Section 24201) with service credit granted under this section and  
19 who takes any job with the school district, community college  
20 district, or county office of education that granted the member the  
21 service credit less than five years after receiving the credit shall  
22 forfeit the ongoing benefit he or she receives from the additional  
23 service credit granted under this section.

24 (i) This section does not apply to any member otherwise eligible  
25 if the member receives any unemployment insurance payments  
26 arising out of employment with an employer subject to this part  
27 within one year following the effective date of the formal action  
28 under subdivision (a), or if the member is not otherwise eligible  
29 to retire for service.

30 *SEC. 12. Section 22717 of the Education Code is amended to*  
31 *read:*

32 22717. (a) A member shall be granted credit at service  
33 retirement for each day of accumulated and unused sick leave days  
34 for which full salary is allowed to which the member was entitled  
35 on the member's final day of employment with the employer or  
36 employers subject to coverage by the Defined Benefit Program  
37 during the last school year in which he or she ~~performed creditable~~  
38 ~~service; earned creditable compensation pursuant to Section~~  
39 ~~22119.2 or 22119.3.~~ The system shall accept certification from  
40 each employer with which the member has accumulated sick leave



1 days for that period, provided this leave has not been transferred  
2 to another employer.

3 (b) The amount of service credit to be granted shall be  
4 determined by dividing the number of days of accumulated and  
5 unused sick leave days by the number of days of service the  
6 employer requires the member's class of employees to perform in  
7 a school year during the member's final year of creditable service  
8 subject to coverage by the Defined Benefit Program, which shall  
9 not be less than the minimum standard specified in Section  
10 22138.5. The number of days shall not include school and legal  
11 holidays. In no event shall the divisor be less than 175. For  
12 members employed less than full time, the standards identified in  
13 Section 22138.5 shall be considered as the minimum full-time  
14 equivalent. For those standards identified in Section 22138.5 that  
15 are applicable to teachers or instructors and that are expressed only  
16 in terms of hours or instructional hours, the number of hours or  
17 instructional hours shall be divided by six to determine the number  
18 of days.

19 (c) When the member has made application for service  
20 retirement under this part, the employer shall certify to the board,  
21 within 30 days following the effective date of the member's service  
22 retirement or the date the application for retirement is received by  
23 the system's headquarters office, whichever is later, the number  
24 of days of accumulated and unused sick leave days that the member  
25 was entitled to on the final day of employment. The board may  
26 assess a penalty on delinquent reports.

27 (d) This section shall be applicable to any person who retires  
28 on or after January 1, 1999.

29 ~~SEC. 7.~~

30 *SEC. 13.* Section 22900 of the Education Code is amended to  
31 read:

32 22900. By accepting employment to perform creditable service,  
33 a person consents to make contributions pursuant to Sections 22901  
34 and 22901.7 for service and compensation credited under this part.

35 ~~SEC. 8.~~

36 *SEC. 14.* Section 22903 of the Education Code is amended to  
37 read:

38 22903. Notwithstanding Sections 22901, 22901.3, 22901.7,  
39 22956, and 23000, the state and each school district, community  
40 college district, county board of education, and county

1 superintendent of schools, may pick up, for the sole purpose of  
2 deferring taxes, as authorized by Section 414(h)(2) of the Internal  
3 Revenue Code of 1986 (~~26 U.S.C.A.~~ U.S.C. Sec. 414(h)(2)) and  
4 Section 17501 of the Revenue and Taxation Code, all of the  
5 contributions required to be paid under this part by a member of  
6 the Defined Benefit Program, provided that the contributions are  
7 deducted from the creditable compensation of the member.

8 ~~SEC. 9.~~

9 *SEC. 15.* Section 22950 of the Education Code is amended to  
10 read:

11 22950. (a) Employers shall contribute monthly to the system  
12 8 percent of the creditable compensation upon which members'  
13 contributions under this part are based.

14 (b) From the contributions required under subdivision (a), there  
15 shall be deposited in the Teachers' Retirement Fund an amount,  
16 determined by the board, that is not less than the amount,  
17 determined in an actuarial valuation of the Defined Benefit  
18 Program pursuant to Section 22311.5, necessary to finance the  
19 liabilities associated with the benefits of the Defined Benefit  
20 Program over the funding period adopted by the board, after taking  
21 into account the contributions made pursuant to Sections 22901,  
22 22901.7, 22950.5, 22951, 22955, and 22955.1.

23 (c) The amount of contributions required under subdivision (a)  
24 that is not deposited in the Teachers' Retirement Fund pursuant  
25 to subdivision (b) shall be deposited directly into the Teachers'  
26 Health Benefits Fund, as established in Section 25930, and shall  
27 not be deposited into or transferred from the Teachers' Retirement  
28 Fund.

29 (d) (1) Notwithstanding subdivisions (b) and (c), there may be  
30 deposited into the Teachers' Retirement Program Development  
31 Fund, as established in Section 22307.5, from the contributions  
32 required under subdivision (a), an amount determined by the board,  
33 not to exceed the limit specified in paragraph (2).

34 (2) The balance of deposits into the Teachers' Retirement  
35 Program Development Fund, minus the subsequent transfer of  
36 funds, with interest, into the Teachers' Retirement Fund pursuant  
37 to subdivision (e) of Section 22307.5, shall not exceed 0.01 percent  
38 of the total of the creditable compensation of the fiscal year ending  
39 in the immediately preceding calendar year upon which member's  
40 contributions to the Defined Benefit Program are based.

1 (3) The deposits described in this subdivision shall not be  
2 deposited into, or transferred from, the Teachers' Retirement Fund.

3 ~~SEC. 10.~~

4 *SEC. 16.* Section 23001 of the Education Code is amended to  
5 read:

6 23001. Each county superintendent, district superintendent,  
7 chancellor of a community college district, or other employing  
8 agency that reports directly to the system shall draw requisitions  
9 for contributions required by Sections 22901, 22901.7, 22950, and  
10 22950.5 in favor of the State Teachers' Retirement System, and  
11 the requisitions, when allowed and signed by the county auditor,  
12 shall constitute a warrant against the county treasury. The county  
13 superintendent, district superintendent, chancellor of a community  
14 college district, or other employing agency thereupon shall forward  
15 the warrants to the board in the system's headquarters office. The  
16 amounts received shall be deposited immediately in the State  
17 Treasury to the Teachers' Retirement Fund.

18 ~~SEC. 11.~~

19 *SEC. 17.* Section 24114 of the Education Code is amended to  
20 read:

21 24114. (a) A member receiving a disability retirement benefit  
22 under this part may be employed or self-employed in any capacity,  
23 notwithstanding Section 22132, but may not make contributions  
24 to the retirement fund with respect to the Defined Benefit Program  
25 or accrue service credit under this part based on earnings from any  
26 employment.

27 (b) A member receiving a disability retirement benefit under  
28 this part may earn in any one calendar year up to the limitation  
29 specified in subdivision (c) without a reduction in his or her  
30 disability retirement allowance.

31 (c) The limitation that shall apply to the earnings of a member  
32 receiving a disability retirement benefit under this part shall be  
33 fifteen thousand dollars (\$15,000), in any one calendar year,  
34 adjusted annually by the board effective each January 1 by the  
35 amount of increase in the All Urban California Consumer Price  
36 Index using December 1989 as the base.

37 (d) If a member receiving a disability retirement benefit under  
38 this part earns in excess of the limitation specified in subdivision  
39 (c) from all employment in any calendar year, notwithstanding  
40 Section 22132, his or her retirement allowance shall be reduced

1 by the amount of the excess earnings. The amount of the reduction  
2 in an individual month shall be no more than the monthly  
3 allowance payable in that month, and the total amount of the  
4 reduction shall not exceed the amount of the annual allowance  
5 payable under this part for the calendar year in which the excess  
6 compensation was earned.

7 (e) The earnings limitation specified in this section does not  
8 apply to a member receiving a disability retirement benefit under  
9 this part who is participating in an approved rehabilitation program  
10 pursuant to Section 24111.

11 (f) This section does not apply to a member receiving a disability  
12 retirement benefit under this part who began receiving a disability  
13 retirement allowance prior to October 16, 1992.

14 *SEC. 18. Section 24209 of the Education Code is amended to*  
15 *read:*

16 24209. (a) Upon retirement for service following reinstatement,  
17 the member shall receive a service retirement allowance equal to  
18 the sum of both of the following:

19 (1) An amount equal to the monthly allowance the member was  
20 eligible to receive immediately preceding *the most recent*  
21 reinstatement, exclusive of any amounts payable pursuant to  
22 Section 22714 or 22715, increased by the improvement factor that  
23 would have been applied to the allowance if the member had not  
24 reinstated.

25 (2) An amount calculated pursuant to Section 24202, 24202.5,  
26 24202.6, 24203, 24203.5, or 24206 ~~on service credited based on~~  
27 *credited service accrued, including any service granted pursuant*  
28 *to Section 22717 or 22717.5, subsequent to the most recent*  
29 *reinstatement, the member's age-at-retirement, on the last day of*  
30 *the month in which the retirement allowance begins to accrue, and*  
31 *final compensation.*

32 (b) If the total amount of ~~credited service, service accrued, other~~  
33 *than that accrued pursuant to Sections 22714, 22715, 22717,*  
34 *22717.5, and 22826, is equal to or greater than 30 years, the*  
35 *amounts identified in paragraphs (1), for members who initially*  
36 *retired on or after January 1, 1999, and (2) of subdivision (a) shall*  
37 *be calculated pursuant to Section 24203.5.*

38 (c) If the total amount of ~~credited service, service accrued, other~~  
39 *than that accrued pursuant to Sections 22714, 22715, 22717,*  
40 *22717.5, and 22826, is equal to or greater than 30 years, upon*

retirement for service following reinstatement, a member who retired pursuant to Section 24213, and received the terminated disability allowance for the prior retirement, shall receive a service retirement allowance equal to the sum of the following:

(1) An amount based on the ~~service credit accrued~~ *credited service accrued, including any service granted pursuant to Section 22717 or 22717.5*, prior to the effective date of the disability allowance, the member's age at the prior retirement increased by the factor provided in Section 24203.5, and projected final compensation.

(2) An amount calculated pursuant to Section 24202, 24202.5, 24202.6, 24203.5, or 24206 ~~on service credited~~ *based on credited service accrued, including any service granted pursuant to Section 22717 or 22717.5*, subsequent to the reinstatement, the member's age ~~at retirement~~, *on the last day of the month in which the retirement allowance begins to accrue*, and ~~final compensation~~; *compensation using compensation earnable, or projected final compensation, or a combination of both.*

(d) For purposes of this section, final compensation shall not be based on a determination of compensation earnable as described in subdivision (e) of Section 22115.

SEC. 19. Section 24209.3 of the Education Code is amended to read:

24209.3. (a) Notwithstanding subdivision (a) of Section 24209, and exclusive of any amounts payable during the prior retirement for service pursuant to Section 22714, or 22715:

(1) A member who retired, other than pursuant to Section 24210, 24211, 24212, or 24213, and who reinstates and performs creditable service, as defined in Section 22119.5, after the most recent reinstatement, in an amount equal to two or more years of credited service, shall, upon retirement for service on or after the effective date of this section, receive a service retirement allowance equal to the sum of the following:

(A) An amount calculated pursuant to this chapter based on ~~credited service performed~~ *accrued, including any service granted pursuant to Section 22717 or 22717.5*, prior to the most recent reinstatement, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation.

1 (B) An amount calculated pursuant to this chapter based on  
2 ~~credited service performed~~ *accrued, including any service granted*  
3 *pursuant to Section 22717 or 22717.5*, subsequent to the most  
4 recent reinstatement, using the member's age ~~at the subsequent~~  
5 ~~service retirement~~, *on the last day of the month in which the*  
6 *retirement allowance begins to accrue*, and final compensation.

7 (2) A member who retired pursuant to Section 24210 and who  
8 reinstates and performs creditable service, as defined in Section  
9 22119.5, after the most recent reinstatement, in an amount equal  
10 to two or more years of credited service, shall, upon retirement for  
11 service on or after the effective date of this section, receive a  
12 service retirement allowance equal to the sum of the following:

13 (A) An amount calculated pursuant to this chapter based on  
14 ~~service credit accrued~~ *credited service accrued, including any*  
15 *service granted pursuant to Section 22717 or 22717.5*, prior to the  
16 effective date of the disability retirement, using the member's age  
17 at the subsequent service retirement, from which age shall be  
18 deducted the total time during which the member was retired for  
19 service, and indexed final compensation to the effective date of  
20 the initial service retirement.

21 (B) An amount calculated pursuant to this chapter based on the  
22 ~~service credit accrued~~ *credited service accrued, including any*  
23 *service granted pursuant to Section 22717 or 22717.5*, after  
24 termination of the disability retirement, *excluding credited service*  
25 *accrued or granted subsequent to the most recent reinstatement*,  
26 using the member's age at the subsequent service retirement, from  
27 which age shall be deducted the total time during which the  
28 member was retired for service, and final compensation.

29 (C) An amount calculated pursuant to this chapter based on  
30 ~~credited service performed~~ *accrued, including any service granted*  
31 *pursuant to Section 22717 or 22717.5*, subsequent to the most  
32 recent reinstatement, using the member's age ~~at the subsequent~~  
33 ~~service retirement~~, *on the last day of the month in which the*  
34 *retirement allowance begins to accrue*, and final compensation.

35 (3) A member who retired pursuant to Section 24211 and who  
36 reinstates and performs creditable service, as defined in Section  
37 22119.5, after the most recent reinstatement, in an amount equal  
38 to two or more years of credited service, shall, upon retirement for  
39 service on or after the effective date of this section, receive a  
40 service retirement allowance equal to the sum of the following:

(A) The greater of (i) the disability allowance the member was receiving *eligible to receive* immediately prior to termination of that allowance, excluding the children's portion, or (ii) an amount calculated pursuant to this chapter based on *credited* service-credit accrued prior to the effective date of the disability allowance, *excluding credited service accrued or granted pursuant to Section 22717 or 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200)*, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation using compensation ~~earnable~~ *earnable*, or projected final compensation *earnable*, or a combination of both.

(B) An amount equal to either of the following:

(i) For a member who was receiving a benefit pursuant to subdivision (a) of Section 24211, ~~the member's credited service~~ *an amount calculated pursuant to this chapter based on credited service accrued* at the time of the retirement pursuant to Section 24211, ~~excluding service~~ *credited service accrued or granted prior to the effective date of the disability allowance or pursuant to Section 22717 or 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200). 23200*, the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation using compensation *earnable, or projected final compensation, or a combination of both*.

(ii) For a member who was receiving a benefit pursuant to subdivision (b) of Section 24211, ~~the member's projected service,~~ *excluding service* ~~credited~~ *an amount calculated pursuant to this chapter based on projected service at the time of the retirement pursuant to Section 24211, excluding credited service accrued or granted prior to the effective date of the disability allowance or pursuant to Section 22717 or 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200). 23200*, the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation using compensation

1 *earnable, or projected final compensation, or a combination of*  
2 *both.*

3 ~~(C) An amount calculated pursuant to this chapter based on~~  
4 ~~credited service performed subsequent to the most recent~~  
5 ~~reinstatement, using the member's age at the subsequent service~~  
6 ~~retirement, and final compensation using compensation earnable~~  
7 ~~or projected final compensation or a combination of both.~~

8 ~~(D) An amount based on any service credited pursuant to~~  
9 ~~Chapter 14 (commencing with Section 22800) or Chapter 14.2~~  
10 ~~(commencing with Section 22820) or Chapter 19 (commencing~~  
11 ~~with Section 23200) or, for credited service performed during the~~  
12 ~~most recent reinstatement, Section 22714, 22715, 22717, or~~  
13 ~~22717.5, using the member's age at the subsequent service~~  
14 ~~retirement, from which age shall be deducted the total time during~~  
15 ~~which the member was retired for service, and final compensation~~  
16 ~~using compensation earnable, or projected final compensation, or~~  
17 ~~a combination of both.~~

18 *(C) An amount based on any credited service accrued or granted*  
19 *pursuant to Section 22717 or 22717.5 or Chapter 14 (commencing*  
20 *with Section 22800) or Chapter 14.2 (commencing with Section*  
21 *22820) or Chapter 19 (commencing with Section 23200), at the*  
22 *time of the retirement pursuant to Section 24211, using the*  
23 *member's age at the subsequent service retirement, from which*  
24 *age shall be deducted the total time during which the member was*  
25 *retired for service, and final compensation using compensation*  
26 *earnable, or projected final compensation, or a combination of*  
27 *both.*

28 *(D) An amount calculated pursuant to this chapter based on*  
29 *credited service accrued subsequent to the most recent*  
30 *reinstatement, including credited service accrued or granted*  
31 *pursuant to Section 22714, 22715, 22717, or 22717.5 or Chapter*  
32 *14 (commencing with Section 22800) or Chapter 14.2 (commencing*  
33 *with Section 22820) or Chapter 19 (commencing with Section*  
34 *23200), using the member's age on the last day of the month in*  
35 *which the retirement allowance begins to accrue, and final*  
36 *compensation using compensation earnable, or projected final*  
37 *compensation, or a combination of both.*

38 *(4) A member who retired pursuant to Section 24212 or 24213*  
39 *and who reinstates and performs creditable service, as defined in*  
40 *Section 22119.5, after the most recent reinstatement, in an amount*



1 equal to two or more years of credited service, shall, upon  
2 retirement for service on or after the effective date of this section,  
3 receive a service retirement allowance equal to the sum of the  
4 following:

5 (A) An amount calculated pursuant to this chapter based on the  
6 member's projected service credit, ~~excluding service credited~~  
7 ~~pursuant to Section 22717, 22717.5, at the time of the retirement~~  
8 *pursuant to Section 24212 or 24213, including credited service*  
9 *accrued or granted pursuant to Section 22717 or 22717.5 or*  
10 *Chapter 14 (commencing with Section 22800) or Chapter 14.2*  
11 *(commencing with Section 22820) or Chapter 19 (commencing*  
12 *with Section 23200), using the member's age at the subsequent*  
13 *service retirement, from which age shall be deducted the total time*  
14 *during which the member was retired for service, and final*  
15 *compensation using compensation earnable* ~~earnable~~, or projected  
16 ~~final compensation~~ *compensation*, or a combination of both.

17 (B) An amount calculated pursuant to this chapter based on  
18 credited service ~~performed subsequent to the most recent~~  
19 ~~reinstatement, using the member's age at the subsequent service~~  
20 ~~retirement, and final compensation, using compensation earnable~~  
21 ~~or projected final compensation or a combination of both.~~ *accrued*  
22 *subsequent to the most recent reinstatement, including credited*  
23 *service accrued or granted pursuant to Section 22714, 22715,*  
24 *22717, or 22717.5 or Chapter 14 (commencing with Section 22800)*  
25 *or Chapter 14.2 (commencing with Section 22820) or Chapter 19*  
26 *(commencing with Section 23200), using the member's age on the*  
27 *last day of the month in which the retirement allowance begins to*  
28 *accrue, and final compensation using compensation earnable, or*  
29 *projected final compensation, or a combination of both.*

30 ~~(C) An amount based on any service credited pursuant to~~  
31 ~~Chapter 14 (commencing with Section 22800) or Chapter 14.2~~  
32 ~~(commencing with Section 22820) or Chapter 19 (commencing~~  
33 ~~with Section 23200) or, for credited service performed during the~~  
34 ~~most recent reinstatement, Section 22714, 22715, 22717, or~~  
35 ~~22717.5, using the member's age at the subsequent service~~  
36 ~~retirement, from which age shall be deducted the total time during~~  
37 ~~which the member was retired for service, and final compensation~~  
38 ~~using compensation earnable, or projected final compensation, or~~  
39 ~~a combination of both.~~

(b) If the total amount of credited service, other than *projected service, or service* that accrued *or was granted* pursuant to Sections 22714, 22715, 22717, 22717.5, and 22826, is equal to or greater than the number of years required to be eligible for an increased allowance pursuant to this chapter or Section 22134.5, the amounts identified in this section shall be calculated pursuant to the section authorizing the increased benefit.

(c) For members receiving an allowance pursuant to Section 24410.5 or 24410.6, the amount payable pursuant to this section shall not be less than the amount payable to the member as of the effective date of reinstatement.

(d) The amount payable pursuant to this section shall not be less than the amount that would be payable to the member pursuant to Section 24209.

(e) For purposes of determining an allowance increase pursuant to Sections 24415 and 24417, the calendar year of retirement shall be the year of the subsequent retirement if the final compensation used to calculate the allowance pursuant to this section is higher than the final compensation used to calculate the allowance for the prior retirement.

(f) The allowance paid pursuant to this section to a member receiving a lump-sum payment pursuant to Section 24221 shall be actuarially reduced to reflect that lump-sum payment.

(g) For purposes of this section, final compensation shall not be based on a determination of compensation earnable as described in subdivision (e) of Section 22115.

*SEC. 20. Section 24210 of the Education Code is amended to read:*

24210. Upon retirement for service following a prior disability retirement granted pursuant to Chapter 26 (commencing with Section 24100) that was terminated, the member shall receive a service retirement allowance calculated pursuant to Section 24202, 24202.5, 24202.6, 24203, 24203.5, 24203.6, or 24206 and equal to the sum of both of the following:

(a) An amount based on ~~service credit accrued~~ *credited service accrued, including any service granted pursuant to Section 22717 or 22717.5*, prior to the effective date of the disability retirement, the member's age ~~as of the effective date of the service retirement,~~ *on the last day of the month in which the retirement allowance*

1 *begins to accrue*, and indexed final compensation to the effective  
2 date of the service retirement.

3 (b) An amount based on the ~~service credit accrued~~ *credited*  
4 *service accrued, including any service granted pursuant to Section*  
5 *22717 or 22717.5*, after termination of the disability retirement,  
6 the member's age ~~as of the effective date of service retirement~~, *on*  
7 *the last day of the month in which the retirement allowance begins*  
8 *to accrue*, and final compensation.

9 *SEC. 21. Section 24211 of the Education Code is amended to*  
10 *read:*

11 24211. When a member who has been granted a disability  
12 allowance under this part after June 30, 1972, returns to  
13 employment subject to coverage under the Defined Benefit  
14 Program and performs:

15 (a) Less than three years of creditable service after termination  
16 of the *most recent* disability allowance, the member shall receive  
17 a retirement allowance which is the sum of the allowance calculated  
18 on *credited service* ~~credit~~ *accrued* after the termination date of the  
19 disability allowance, excluding *credited service* ~~credited~~ *accrued*  
20 *or granted pursuant to Sections Section 22717 and or 22717.5 or*  
21 *Chapter 14 (commencing with Section 22800) or Chapter 14.2*  
22 *(commencing with Section 22820) or Chapter 19 (commencing*  
23 *with Section 23200), the age of the member on the last day of the*  
24 *month in which the retirement allowance begins to accrue, and*  
25 *final compensation using compensation earnable or projected final*  
26 *compensation, or a combination of both, plus the greater of either*  
27 *of the following:*

28 (1) A service retirement allowance calculated on *credited service*  
29 ~~credit~~ *accrued* as of the effective date of the disability allowance,  
30 excluding *credited service* ~~credited~~ *accrued or granted pursuant*  
31 *to Sections Section 22717 and or 22717.5 or Chapter 14*  
32 *(commencing with Section 22800) or Chapter 14.2 (commencing*  
33 *with Section 22820) or Chapter 19 (commencing with Section*  
34 *23200), the age of the member member's age on the last day of*  
35 *the month in which the retirement allowance begins to accrue, and*  
36 *projected final compensation to the termination date of the*  
37 *disability allowance.*

38 (2) The disability allowance the member was eligible to receive  
39 immediately prior to termination of ~~that~~ *the most recent disability*  
40 *allowance, excluding children's portions.*

(b) Three or more years of creditable service after termination of the *most recent* disability allowance, the member shall receive a retirement allowance that is the greater of the following:

(1) A service retirement allowance calculated on all actual and projected ~~service service~~, excluding *credited* service ~~credited accrued or granted~~ pursuant to ~~Sections~~ *Section 22717* ~~and or~~ *22717.5* or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), the ~~age of the member~~ *member's age* on the last day of the month in which the retirement allowance begins to accrue, and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(2) The disability allowance the member was ~~receiving~~ *eligible to receive* immediately prior to termination of ~~that~~ *the most recent* disability allowance, excluding children's portions.

(c) The allowance shall be increased by an amount based on any ~~credited service~~ *credited accrued or granted* pursuant to ~~Sections~~ *Section 22714, 22715, 22717, and or 22717.5* or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), *the member's age on the last day of the month in which the retirement allowance begins to accrue*, and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(d) If the total amount of credited service, other than projected service or *credited* service that accrued *or was granted* pursuant to Sections 22714, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in subdivisions ~~(a) and (b)~~ *(a) to (c), inclusive*, shall be calculated pursuant to Sections 24203.5 and 24203.6.

(e) For purposes of this section, final compensation shall not be based on a determination of compensation earnable as described in subdivision (e) of Section 22115.

(f) Upon retirement, the member may elect to modify the service retirement allowance payable in accordance with any option provided under this part.

*SEC. 22. Section 24212 of the Education Code is amended to read:*

1 24212. (a) If a disability allowance granted under this part  
2 after June 30, 1972, is terminated for reasons other than those  
3 specified in Section 24213 and the member does not return to  
4 employment subject to coverage under the Defined Benefit  
5 Program, the member's service retirement allowance, when  
6 payable, shall be based on projected service, excluding *credited*  
7 ~~service-credited~~ *accrued or granted* pursuant to ~~Sections~~ Section  
8 22717 ~~and or~~ 22717.5 or Chapter 14 (commencing with Section  
9 22800) or Chapter 14.2 (commencing with Section 22820), or  
10 Chapter 19 (commencing with Section 23200), projected final  
11 compensation, and the ~~age of the member~~ *member's age* on the  
12 last day of the month in which the retirement allowance begins to  
13 accrue. The allowance payable under this section, excluding  
14 annuities payable from accumulated annuity deposit contributions,  
15 shall not be greater than the ~~terminated~~ disability allowance *the*  
16 *member was eligible to receive immediately prior to the earlier of*  
17 *the termination of that allowance or at normal retirement age,*  
18 excluding children's portions.

19 (b) The allowance shall be increased by an amount based on  
20 any *credited* service ~~credited~~ *accrued or granted* pursuant to  
21 ~~Sections 22714, 22715, 22717, and Section 22717 or 22717.5 or~~  
22 Chapter 14 (commencing with Section 22800) or Chapter 14.2  
23 (commencing with Section 22820) or Chapter 19 (commencing  
24 with Section ~~23200~~) 23200), *the member's age on the last day of*  
25 *the month in which the retirement allowance begins to accrue,* and  
26 final compensation using compensation earnable, or projected final  
27 compensation, or a combination of both.

28 (c) If the total amount of credited service, other than projected  
29 service or *credited* service that *accrued or was granted* pursuant  
30 to ~~Sections 22714, 22715, 22717, 22717.5, and 22826,~~ is equal to  
31 or greater than 30 years, the amounts identified in subdivisions (a)  
32 and (b) shall be calculated pursuant to Sections 24203.5 and  
33 24203.6.

34 (d) Upon retirement, the member may elect to modify the service  
35 retirement allowance payable in accordance with any option  
36 provided under this part.

37 SEC. 23. *Section 24213 of the Education Code is amended to*  
38 *read:*

39 24213. (a) When a member who has been granted a disability  
40 allowance under this part after June 30, 1972, attains normal

1 retirement age, or at a later date when there is no dependent child,  
2 the disability allowance shall be terminated and the member shall  
3 be eligible for service retirement. The retirement allowance shall  
4 be calculated on the projected final compensation and projected  
5 service to normal retirement age, excluding *credited* service  
6 ~~credited~~ *accrued or granted* pursuant to ~~Sections~~ *Section 22717*  
7 ~~and 22717.5, or 22717.5 or Chapter 14 (commencing with Section~~  
8 ~~22800) or Chapter 14.2 (commencing with Section 22820); 22820)~~  
9 ~~or Chapter 19 (commencing with Section 23200), and the age of~~  
10 ~~the member~~ *member's age* on the last day of the month in which  
11 the retirement allowance begins to accrue. The allowance payable  
12 under this section, excluding annuities payable from accumulated  
13 annuity deposit contributions, shall not be greater than the  
14 ~~terminated disability allowance; allowance the member was eligible~~  
15 ~~to receive immediately prior to normal retirement age, excluding~~  
16 children's portions.

17 (b) The allowance shall be increased by an amount based on  
18 any *credited* service ~~credited~~ *accrued or granted* pursuant to  
19 ~~Section 22714, 22715, 22717, or 22717.5, 22717 or 22717.5 or~~  
20 ~~Chapter 14 (commencing with Section 22800); 22800) or Chapter~~  
21 ~~14.2 (commencing with Section 22820); 22820) or Chapter 19~~  
22 ~~(commencing with Section 23200) 23200), the member's age on~~  
23 ~~the last day of the month in which the retirement allowance begins~~  
24 ~~to accrue, and projected final compensation to normal retirement~~  
25 age.

26 (c) If the total amount of ~~credited service; service accrued~~, other  
27 than projected service or *credited* service that accrued *or was*  
28 *granted* pursuant to ~~Sections 22714, 22715, 22717, 22717.5, and~~  
29 ~~22826~~, is equal to or greater than 30 years, the amounts identified  
30 in subdivisions (a) and (b) shall be calculated pursuant to Sections  
31 24203.5 and 24203.6.

32 (d) Upon retirement, the member may elect to modify the service  
33 retirement allowance payable in accordance with any option  
34 provided under this part.

35 ~~SEC. 12.~~

36 *SEC. 24.* Section 24214 of the Education Code, as amended  
37 by Section 21 of Chapter 32 of the Statutes of 2014, is amended  
38 to read:

39 24214. (a) A member retired for service under this part may  
40 perform retired member activities, but the member shall not make

1 contributions to the retirement fund or accrue service credit based  
2 on compensation earned from that service. The employer shall  
3 maintain accurate records of the earnings of the retired member  
4 and report those earnings monthly to the system and retired member  
5 as described in Section 22461.

6 (b) If a member is retired for service under this part, the  
7 annualized rate of pay for retired member activities, performed by  
8 that member shall not be less than the minimum, nor exceed the  
9 maximum, paid by the employer to other employees performing  
10 comparable duties.

11 (c) A member retired for service under this part shall not be  
12 required to reinstate for performing retired member activities.

13 (d) A member retired for service under this part may earn  
14 compensation for performing retired member activities in any one  
15 school year up to the limitation specified in subdivision (f) without  
16 a reduction in his or her retirement allowance.

17 (e) The postretirement compensation limitation provisions set  
18 forth in this section are not applicable to compensation earned for  
19 the performance of retired member activities that are not wholly  
20 or in part supported by state, local, or federal funds.

21 (f) (1) The limitation that shall apply to the compensation paid  
22 in cash to the retired member for performance of retired member  
23 activities, excluding reimbursements paid by an employer for  
24 expenses incurred by the member in which payment of the expenses  
25 by the member is substantiated, shall, in any one school year, be  
26 an amount calculated by the system each July 1 equal to one-half  
27 of the median final compensation of all members who retired for  
28 service during the fiscal year ending in the previous calendar year.

29 (2) For written agreements pertaining to the performance of  
30 retired member activities entered into, extended, renewed, or  
31 amended on or after January 1, 2014, the limitation in paragraph  
32 (1) shall also apply to payments made for the performance of retired  
33 member activities, including, but not limited to, those for  
34 participation in a deferred compensation plan; to purchase an  
35 annuity contract, tax-deferred retirement plan, or insurance  
36 program; and for contributions to a plan that meets the requirements  
37 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title  
38 26 of the United States Code when the cost is covered by an  
39 employer.

(g) If a member retired for service under this part earns compensation for performing retired member activities, in excess of the limitation specified in subdivision (f), and if that compensation is not exempt from that limitation under subdivision (e) or (h) or any other law, the member's retirement allowance shall be reduced by the amount of the excess compensation. The amount of the reduction in an individual month shall be no more than the monthly allowance payable in that month, and the total amount of the reduction shall not exceed the amount of the annual allowance payable under this part for the fiscal year in which the excess compensation was earned after any reduction made in accordance with subdivision (h) of Section 24214.5.

(h) The limitation specified in this section is not applicable to compensation paid to a member retired for service under this part who has returned to work after the date of retirement:

(1) As a trustee appointed by the Superintendent pursuant to Section 41320.1.

(2) As a fiscal adviser or fiscal expert appointed by a county superintendent of schools pursuant to Article 2 (commencing with Section 42122) of Chapter 6 of Part 24 of Division 3 of Title 2.

(3) As a receiver or trustee appointed by the state board pursuant to Article 3.1 (commencing with Section 52055.57) of Chapter 6.1 of Part 28 of Division 4 of Title 2.

(4) As a special trustee appointed by the Board of Governors of the California Community Colleges pursuant to Section 84040.

(i) The Superintendent, the Executive Director of the State Board of Education, the Chancellor of the California Community Colleges, or the county superintendent of schools exercising the exemption pursuant to subdivision (h) shall submit all documentation required by the system to substantiate the eligibility of the retired member for the exemption, including compliance with subdivisions (j) and (k). The documentation shall be received by the system prior to the retired member's performance of retired member activities.

(j) Subdivision (h) shall not apply to a retired member who has not attained normal retirement age at the time the compensation is earned by the member, received additional service credit pursuant to Section 22714 or 22715, or received from any public employer any financial inducement to retire in the previous six months. For purposes of this section and Section 24214.5, "financial inducement



1 to retire” includes, but is not limited to, any form of compensation  
2 or other payment that is paid directly or indirectly by a public  
3 employer to the member, even if not in cash, either before or after  
4 retirement, if the member retires for service on or before a specific  
5 date or specific range of dates established by the public employer  
6 on or before the date the inducement is offered. The system shall  
7 liberally interpret this subdivision to further the Legislature’s intent  
8 to make subdivision (h) inapplicable to members if the member  
9 received a financial incentive from any public employer to retire  
10 or otherwise terminate employment with the public employer.

11 (k) The documentation required for subdivision (i) shall include  
12 certification of the following:

13 (1) The position was first advertised for appointment to current  
14 active or inactive members of the program with the necessary  
15 qualifications to perform the requirements of the position and no  
16 qualified current active or inactive member was available to be  
17 appointed.

18 (2) The appointing authority made a good faith effort to hire a  
19 retired member who reinstated to active membership for the  
20 position at the same salary that was offered as first advertised  
21 pursuant to paragraph (1).

22 (3) The appointing authority, having tried and failed to hire a  
23 current active or inactive member or a reinstated retired member,  
24 hired a retired member and the salary offered to the retired member  
25 subject to this paragraph does not exceed the salary that was offered  
26 as first advertised pursuant to paragraph (1).

27 (4) The salary paid shall be no greater than the salary offered  
28 to current active members for the appointed position.

29 (l) The amendments to this section enacted during the 1995–96  
30 Regular Session shall be deemed to have become operative on July  
31 1, 1996.

32 (m) The amendments to this section enacted during the second  
33 year of the 2011–12 Regular Session shall apply to compensation  
34 paid during the 2012–13 and 2013–14 fiscal years.

35 (n) The amendments to this section enacted during the first year  
36 of the 2013–14 Regular Session shall apply to compensation paid  
37 on or after January 1, 2014.

38 (o) This section shall become inoperative on July 1, 2017, and,  
39 as of January 1, 2018, is repealed, unless a later enacted statute,

1 that becomes operative on or before January 1, 2018, deletes or  
2 extends the dates on which it becomes inoperative and is repealed.

3 ~~SEC. 13.~~

4 *SEC. 25.* Section 24214 of the Education Code, as amended  
5 by Section 22 of Chapter 32 of the Statutes of 2014, is amended  
6 to read:

7 24214. (a) A member retired for service under this part may  
8 perform retired member activities, but the member shall not make  
9 contributions to the retirement fund or accrue service credit based  
10 on compensation earned from that service. The employer shall  
11 maintain accurate records of the earnings of the retired member  
12 and report those earnings monthly to the system and retired member  
13 as described in Section 22461.

14 (b) If a member is retired for service under this part, the  
15 annualized rate of pay for retired member activities performed by  
16 that member shall not be less than the minimum, nor exceed the  
17 maximum, paid by the employer to other employees performing  
18 comparable duties.

19 (c) A member retired for service under this part shall not be  
20 required to reinstate for performing retired member activities.

21 (d) A member retired for service under this part may earn  
22 compensation for performing retired member activities in any one  
23 school year up to the limitation specified in subdivision (f) without  
24 a reduction in his or her retirement allowance.

25 (e) The postretirement compensation limitation provisions set  
26 forth in this section are not applicable to compensation earned for  
27 the performance of retired member activities that are not wholly  
28 or in part supported by state, local, or federal funds.

29 (f) (1) The limitation that shall apply to the compensation paid  
30 in cash to the retired member for performance of retired member  
31 activities, excluding reimbursements paid by an employer for  
32 expenses incurred by the member in which payment of the expenses  
33 by the member is substantiated, shall, in any one school year, be  
34 an amount calculated by the system each July 1 equal to one-half  
35 of the median final compensation of all members who retired for  
36 service during the fiscal year ending in the previous calendar year.

37 (2) For written agreements pertaining to the performance of  
38 retired member activities entered into, extended, renewed, or  
39 amended on or after January 1, 2014, the limitation in paragraph  
40 (1) shall also apply to payments made for the performance of retired

1 member activities, including, but not limited to, those for  
2 participation in a deferred compensation plan; to purchase an  
3 annuity contract, tax-deferred retirement plan, or insurance  
4 program; and for contributions to a plan that meets the requirements  
5 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title  
6 26 of the United States Code when the cost is covered by an  
7 employer.

8 (g) If a member retired for service under this part earns  
9 compensation for performing retired member activities, in excess  
10 of the limitation specified in subdivision (f), the member's  
11 retirement allowance shall be reduced by the amount of the excess  
12 compensation. The amount of the reduction in an individual month  
13 shall be no more than the monthly allowance payable in that month,  
14 and the total amount of the reduction shall not exceed the amount  
15 of the annual allowance payable under this part for the fiscal year  
16 in which the excess compensation was earned after any reduction  
17 made in accordance with subdivision (h) of Section 24214.5.

18 (h) The language of this section derived from the amendments  
19 to the section of this number added by Chapter 394 of the Statutes  
20 of 1995, enacted during the 1995–96 Regular Session, is deemed  
21 to have become operative on July 1, 1996.

22 (i) This section shall become operative on July 1, 2017.

23 ~~SEC. 14.~~

24 *SEC. 26.* Section 24214.5 of the Education Code is amended  
25 to read:

26 24214.5. (a) (1) Notwithstanding subdivision (f) of Section  
27 24214, the postretirement compensation limitation that shall apply  
28 to the compensation paid in cash to the retired member for  
29 performance of retired member activities, excluding  
30 reimbursements paid by an employer for expenses incurred by the  
31 member in which payment of the expenses by the member is  
32 substantiated, shall be zero dollars (\$0) during the first 180 calendar  
33 days after the most recent retirement of a member retired for service  
34 under this part.

35 (2) For written agreements pertaining to the performance of  
36 retired member activities entered into, extended, renewed, or  
37 amended on or after January 1, 2014, the limitation in paragraph  
38 (1) shall also apply to payments made for the performance of retired  
39 member activities, including, but not limited to, those for  
40 participation in a deferred compensation plan; to purchase an

1 annuity contract, tax-deferred retirement plan, or insurance  
2 program; and for contributions to a plan that meets the requirements  
3 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title  
4 26 of the United States Code when the cost is covered by an  
5 employer.

6 (b) If the retired member has attained normal retirement age at  
7 the time the compensation is earned, subdivision (a) shall not apply  
8 and Section 24214 shall apply if the appointment has been  
9 approved by the governing body of the employer in a public  
10 meeting, as reflected in a resolution adopted by the governing body  
11 of the employer prior to the performance of retired member  
12 activities, expressing its intent to seek an exemption from the  
13 limitation specified in subdivision (a). Approval of the appointment  
14 may not be placed on a consent calendar. Notwithstanding any  
15 other provision of Article 3.5 (commencing with Section 6250) of  
16 Division 7 of Title 1 of the Government Code or any state or  
17 federal law incorporated by subdivision (k) of Section 6254 of the  
18 Government Code, the resolution shall be subject to disclosure by  
19 the entity adopting the resolution and the system. The resolution  
20 shall include the following specific information and findings:

- 21 (1) The nature of the employment.
- 22 (2) A finding that the appointment is necessary to fill a critically  
23 needed position before 180 calendar days have passed.
- 24 (3) A finding that the member is not ineligible for application  
25 of this subdivision pursuant to subdivision (d).
- 26 (4) A finding that the termination of employment of the retired  
27 member with the employer is not the basis for the need to acquire  
28 the services of the member.

29 (c) Subdivision (b) shall not apply to a retired member whose  
30 termination of employment with the employer is the basis for the  
31 need to acquire the services of the member.

32 (d) Subdivision (b) shall not apply if the retired member received  
33 additional service credit pursuant to Section 22714 or 22715 or  
34 received from any public employer any financial inducement to  
35 retire. For purposes of this section, “financial inducement to retire”  
36 includes, but is not limited to, any form of compensation or other  
37 payment that is paid directly or indirectly by a public employer to  
38 the member, even if not in cash, either before or after retirement,  
39 if the participant retires for service on or before a specific date or  
40 specific range of dates established by a public employer on or

1 before the date the inducement is offered. The system shall liberally  
2 interpret this subdivision to further the Legislature's intent to make  
3 subdivision (b) inapplicable to members if the member received  
4 a financial incentive from any public employer to retire or  
5 otherwise terminate employment with a public employer.

6 (e) The Superintendent, the county superintendent of schools,  
7 or the chief executive officer of a community college shall submit  
8 all documentation required by the system to substantiate the  
9 eligibility of the retired member for application of subdivision (b),  
10 including, but not limited to, the resolution adopted pursuant to  
11 that subdivision.

12 (f) The documentation required by this section shall be received  
13 by the system prior to the retired member's performance of retired  
14 member activities.

15 (g) Within 30 calendar days after the receipt of all  
16 documentation required by the system pursuant to this section, the  
17 system shall inform the entity seeking application of the exemption  
18 specified in subdivision (b), and the retired member whether the  
19 compensation paid to the member will be subject to the limitation  
20 specified in subdivision (a).

21 (h) If a member retired for service under this part earns  
22 compensation for performing retired member activities in excess  
23 of the limitation specified in subdivision (a), the member's  
24 retirement allowance shall be reduced by the amount of the excess  
25 compensation. The amount of the reduction in an individual month  
26 shall be no more than the monthly allowance payable in that ~~month~~  
27 *month*, and the total amount of the reduction shall not exceed the  
28 amount of the allowance payable during the first 180 calendar  
29 days, after a member retired for service under this part.

30 (i) The amendments to this section enacted during the first year  
31 of the 2013–14 Regular Session shall apply to compensation paid  
32 on or after January 1, 2014.

33 ~~SEC. 15.~~

34 *SEC. 27.* Section 26000 of the Education Code is amended to  
35 read:

36 26000. The Legislature hereby finds and declares that the State  
37 Teachers' Retirement System Cash Balance Plan was created and  
38 established on July 1, 1996, to provide a retirement plan for persons  
39 employed by an employer offering the Cash Balance Plan,  
40 excluding a community college district, to perform creditable

1 service for less than 50 percent of the full-time equivalent for the  
2 position, or employed by a community college district offering the  
3 Cash Balance Plan to perform creditable service on a temporary  
4 basis pursuant to Section 87474, 87478, 87480, 87481, 87482, or  
5 87482.5, or employed by an employer offering the Cash Balance  
6 Plan to perform creditable service as a substitute employee. The  
7 persons eligible for the Cash Balance Plan were excluded from  
8 mandatory membership in the State Teachers' Retirement System  
9 Defined Benefit Plan. Both plans are administered by the Teachers'  
10 Retirement Board. Because both plans were intended to provide  
11 for the retirement of teachers and other persons employed in  
12 connection with the public schools of this state and schools  
13 supported by this state, a merger of these two plans is now hereby  
14 made for the purpose of establishing a single retirement plan that  
15 shall be known and may be cited as the State Teachers' Retirement  
16 Plan consisting of the different benefit programs set forth in this  
17 part and Part 13 (commencing with Section 22000). The plan shall  
18 be administered by the Teachers' Retirement Board as set forth in  
19 this part and Part 13 (commencing with Section 22000). As a result  
20 of this merger, a Cash Balance Benefit Program will be provided  
21 under the State Teachers' Retirement Plan and that program is set  
22 forth in this part.

23 The governing board of a school district, community college  
24 district, or county office of education may, by formal action, elect  
25 to provide the benefits of the Cash Balance Benefit Program under  
26 this part for their employees.

27 ~~SEC. 16.~~

28 *SEC. 28.* Section 26002.5 of the Education Code is amended  
29 to read:

30 26002.5. Except as excluded in subdivision (d) of Section  
31 26807.5 or subdivision (c) of Section 26906.5, a person who is the  
32 registered domestic partner of a member, as established pursuant  
33 to Section 297 or 299.2 of the Family Code, shall be treated in the  
34 same manner as a "spouse," as defined in Section 26140.

35 ~~SEC. 17.~~

36 *SEC. 29.* Section 26132 of the Education Code is amended to  
37 read:

38 26132. "Participant" means a person who has performed  
39 creditable service subject to coverage by the Cash Balance Benefit  
40 Program and who has contributions credited under the Cash

1 Balance Benefit Program or is receiving an annuity under the Cash  
2 Balance Benefit Program by reason of creditable service or has  
3 not yet met the conditions of subdivision (b) of Section 26806.

4 *SEC. 30. Section 26139.5 of the Education Code is amended*  
5 *to read:*

6 26139.5. (a) “Salary,” for participants subject to the California  
7 Public Employees’ Pension Reform Act of 2013, means  
8 remuneration paid each pay period in cash by an employer to a  
9 participant for creditable service performed in that position subject  
10 to coverage under the Cash Balance Benefit Program in accordance  
11 with a publicly available written contractual agreement, including,  
12 but not limited to, a salary schedule or employment agreement,  
13 based on years of training and years of experience as specified in  
14 Section 45028. Salary shall include:

15 (1) Money paid for the participant’s absence from performance  
16 of creditable service as approved by an employer, except as  
17 provided in paragraph (5) of subdivision (b).

18 (2) Employee contributions picked up by an employer pursuant  
19 to Section 26502.

20 (3) Amounts deducted by an employer from the participant’s  
21 salary, including, but not limited to, deductions for participation  
22 in a deferred compensation plan; deductions for the purchase of  
23 an annuity contract, tax-deferred retirement plan, or other insurance  
24 program; and deductions for participation in a plan that meets the  
25 requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or  
26 457(f) of Title 26 of the United States Code.

27 (4) Any other payments the board determines by plan  
28 amendment to be “salary.”

29 (b) “Salary” does not mean and shall not include:

30 (1) Money paid for service that is not creditable service.

31 (2) Money not paid each pay period in which creditable service  
32 is performed for that position.

33 (3) Fringe benefits provided by an employer.

34 (4) Expenses paid or reimbursed by an employer.

35 (5) Money paid in exchange for the relinquishment of unused  
36 accumulated leave.

37 (6) Severance pay, including lump-sum and installment  
38 payments, or money paid in excess of salary to a participant as  
39 compensatory damages or as a compromise settlement.

(7) Payments, including, but not limited to, those for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement program, or other insurance program; and for participation in a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code that are purchased by an employer for a participant.

(8) Any payments determined by the system to have been made by an employer to enhance a participant's benefits under the plan.

(9) Money paid to the participant in lieu of benefits provided to the participant by the employer or paid directly by the employer to a third party other than the system for the benefit of the participant.

(10) Any one-time or ad hoc payments made to a participant.

(11) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniform.

(12) Any bonus paid in addition to compensation described in subdivision (a).

(13) Any other payments the board determines by plan amendment not to be "salary."

(c) (1) Salary in any fiscal year shall not exceed:

(A) One hundred twenty percent of the "contribution and benefit base," as determined under Section 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a participant whose service is not included in the federal system.

(B) One hundred percent of the "contribution and benefit base," as determined under Section 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a participant whose service is included in the federal system pursuant to any changes in state or federal law enacted on or after January 1, 2013.

(2) The system shall adjust the limit in ~~paragraph (1)~~ based on the annual changes to the Consumer Price Index for All Urban Consumers: U.S. City Average, calculated by dividing the Consumer Price Index for All Urban Consumers: U.S. City Average for the month of February in the fiscal year preceding the adjustment by the Consumer Price Index for All Urban Consumers: U.S. City Average for the month of February of the previous year rounded to the nearest thousandth. Notwithstanding paragraph (1) of subdivision (d) of Section 7522.10 of the Government Code,



1 the adjustment shall be effective annually on July 1, beginning  
2 July 1, 2014.

3 (3) The Legislature reserves the right to modify the requirements  
4 of this subdivision with regard to all participants subject to this  
5 subdivision, except that the Legislature may not modify these  
6 provisions in a manner that would result in a decrease in benefits  
7 accrued prior to the effective date of the modification.

8 (d) Any employer or person who knowingly or willfully reports  
9 salary in a manner inconsistent with the provisions of subdivisions  
10 (a) or (b) may be subject to prosecution for fraud, theft, or  
11 embezzlement in accordance with provisions of the Penal Code.  
12 The system may establish procedures to ensure that salary reported  
13 by an employer is in compliance with this section.

14 (e) For purposes of this section, remuneration shall be considered  
15 paid if distributed to any person in the same class of employees  
16 who meets the qualifications or requirements specified in a publicly  
17 available written contractual agreement, including, but not limited  
18 to, a collective bargaining agreement or an employment agreement,  
19 as a condition of receiving the remuneration.

20 ~~SEC. 18:~~

21 *SEC. 31.* Section 26142.5 is added to the Education Code, to  
22 read:

23 26142.5. "System's headquarters office" means the office  
24 building established as the permanent headquarters facility for the  
25 system, pursuant to Section 22375.

26 ~~SEC. 19:~~

27 *SEC. 32.* Section 26400 of the Education Code is amended to  
28 read:

29 26400. (a) (1) A person employed on a part-time basis by an  
30 employer, excluding community college districts, to perform  
31 creditable service for less than 50 percent of each full-time position  
32 shall become a participant on the later of the first day that creditable  
33 service is performed for an employer that provides the Cash  
34 Balance Benefit Program or the effective date of the employer's  
35 governing board's action to provide the Cash Balance Benefit  
36 Program, provided that creditable service is not performed for the  
37 same employer with whom the person is subject to mandatory  
38 membership in the Defined Benefit Program, and that the person  
39 has not made an election pursuant to subdivision (d).

(2) If the participant's basis of employment with an employer, excluding community college districts, that provides the Cash Balance Benefit Program changes to employment to perform creditable service for 50 percent or more of the full-time position during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program as of the last day of the pay period in which the change in the participant's basis of employment occurred. Creditable service performed for that employer shall be subject to coverage by the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(b) (1) A person employed on a temporary basis pursuant to Section 87474, 87478, 87480, 87481, 87482, or 87482.5 by a community college district, who is not subject to mandatory membership in the Defined Benefit Program pursuant to Section 22501, ~~22502~~ 22502, 22503, or 22504 for each position with the same employer, shall become a participant on the later of the first day that creditable service is performed for an employer that provides the Cash Balance Benefit Program or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program, provided that the person has not made an election pursuant to subdivision (d).

(2) If the participant's basis of employment with a community college district changes to employment that is subject to mandatory membership in the Defined Benefit Program pursuant to Section 22501, 22502, 22503, or 22504 during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program as of the last day of the pay period in which the change in the participant's basis of employment occurred. Creditable service performed for that employer shall be subject to coverage by the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(c) (1) Any person employed to perform creditable service as a substitute employee for an employer shall become a participant on the later of the first day that creditable service is performed for an employer that provides the Cash Balance Benefit Program or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program, provided that creditable

1 service is not performed for the same employer with whom the  
2 person is subject to mandatory membership in the Defined Benefit  
3 Program, and that the person has not made an election pursuant to  
4 subdivision (d).

5 (2) If the participant's basis of employment as a substitute  
6 employee for an employer changes to employment that is subject  
7 to mandatory membership in the Defined Benefit Program pursuant  
8 to Section 22501, 22502, 22503, or 22504 during one school year  
9 with the same employer, creditable service performed for that  
10 employer shall no longer be covered under the Cash Balance  
11 Benefit Program as of the last day of the pay period in which the  
12 change in the participant's basis of employment occurred.  
13 Creditable service performed for that employer shall be subject to  
14 coverage under the Defined Benefit Program as of the first day of  
15 the pay period following the change in the participant's basis of  
16 employment.

17 (d) If the employer's governing board's action to provide the  
18 Cash Balance Benefit Program gives employees the right to elect  
19 coverage under the federal Social Security Act or an alternative  
20 retirement plan offered by the employer in addition to the Cash  
21 Balance Benefit Program, the employee may elect within 60  
22 calendar days of the latest of the first day that creditable service  
23 is performed, the date of the employer's governing board's action  
24 to provide the Cash Balance Benefit Program, or the effective date  
25 of the employer's governing board's action to provide the Cash  
26 Balance Benefit Program to be covered by the federal Social  
27 Security Act or to participate in the alternative retirement plan in  
28 lieu of participating in the Cash Balance Benefit Program. An  
29 election ~~may~~ *shall* not preclude an employee from participating  
30 in the Cash Balance Benefit Program at a later date so long as the  
31 Cash Balance Benefit Program is provided by the employer and  
32 the employee is eligible to participate in the Cash Balance Benefit  
33 Program.

34 (e) If subdivision (d) is applicable, the employer shall inform  
35 employees pursuant to subdivision (c) of Section 26300 of their  
36 right to make an election and the election shall be made on a  
37 properly executed form provided by the system and filed with the  
38 employer. The employer shall retain a copy of the employee's  
39 signed election form and mail the original election form to the  
40 system's headquarters office. The election shall become effective

1 on the later of the first day that creditable service is performed or  
2 the effective date of the employer's governing board's action to  
3 provide the Cash Balance Benefit Program.

4 (f) If the governing board of an employer subsequently provides,  
5 in addition to the Cash Balance Benefit Program, federal Social  
6 Security Act coverage, a participant covered by the Cash Balance  
7 Benefit Program who is performing creditable service for that  
8 employer may elect to be covered by the federal Social Security  
9 Act in lieu of the Cash Balance Benefit Program. That participant's  
10 election shall be made within 60 calendar days of the date the  
11 governing board acted to provide coverage under the federal Social  
12 Security Act or the effective date of the governing board's action  
13 to provide federal Social Security Act coverage, whichever is later.  
14 An election under this subdivision may not preclude an employee  
15 from participating in the Cash Balance Benefit Program at a later  
16 date if the employee is eligible to participate in the Cash Balance  
17 Benefit Program and the employer provides the Cash Balance  
18 Benefit Program.

19 (g) If the governing board of an employer provided federal  
20 Social Security Act coverage with an effective date prior to January  
21 1, 2007, and the employer offered the Cash Balance Benefit  
22 Program as of the effective date of the governing board's action  
23 to provide federal Social Security Act coverage, a participant who  
24 was performing creditable service for that employer may elect to  
25 be covered by the federal Social Security Act in lieu of the Cash  
26 Balance Benefit Program. The participant's election shall be made  
27 on or after March 1, 2008, and on or before May 1, 2008. The  
28 election to participate in the federal Social Security Act shall be  
29 effective on July 1, 2008. An election under this subdivision may  
30 not preclude an employee from participating in the Cash Balance  
31 Benefit Program at a later date if the employee is eligible to  
32 participate in the Cash Balance Benefit Program and the employer  
33 provides the Cash Balance Benefit Program.

34 (h) An election by an employee to terminate his or her  
35 participation in the Cash Balance Benefit Program as described in  
36 subdivision (f) or (g) shall be made on a properly executed form  
37 provided by the system and filed with the employer. The employer  
38 shall retain a copy of the employee's signed election form and  
39 mail the original election form to the *system's* headquarters ~~office~~  
40 ~~of the system.~~ *office.*

1     *SEC. 33. Section 26401 of the Education Code is amended to*  
2     *read:*

3     26401. (a) A member of the Defined Benefit Program who is  
4     employed to perform creditable service on a part-time basis for  
5     less than 50 percent of each full-time position by a school district  
6     ~~or county office of education~~ *an employer, excluding a community*  
7     *college district*, that provides the Cash Balance Benefit Program  
8     may elect to become a participant for creditable service subject to  
9     coverage under the Cash Balance Benefit Program for that  
10    employer, provided that the creditable service is not performed  
11    for the same employer with whom the member is also subject to  
12    mandatory membership in the Defined Benefit Program.

13    (b) A member of the Defined Benefit Program who is employed  
14    pursuant to Section 87474, 87478, 87480, 87481, 87482, or  
15    87482.5 by a community college district that provides the Cash  
16    Balance Benefit Program may elect to become a participant for  
17    creditable service subject to coverage under the Cash Balance  
18    Benefit Program for that employer, provided that the creditable  
19    service is not performed for the same employer with whom the  
20    member is also subject to mandatory membership in the Defined  
21    Benefit Program.

22    (c) *A member of the Defined Benefit Program who is employed*  
23    *to perform creditable service as a substitute employee by an*  
24    *employer that provides the Cash Balance Benefit Program may*  
25    *elect to become a participant for creditable service subject to*  
26    *coverage under the Cash Balance Benefit Program for that*  
27    *employer, provided that the creditable service is not performed*  
28    *for the same employer with whom the member is also subject to*  
29    *mandatory membership in the Defined Benefit Program.*

30    ~~(e)~~

31    (d) The election shall be made on a properly executed form  
32    provided by the system and shall be filed with the employer within  
33    60 calendar days of the later of the first day of employment with  
34    an employer that provides the Cash Balance Benefit Program, the  
35    date of the employer's governing board's action to provide the  
36    Cash Balance Benefit Program, or the effective date of the  
37    employer's governing board's action to provide the Cash Balance  
38    Benefit Program.

39    ~~(d)~~

(e) Employers shall make available to employees specified in subdivisions (a) and (b) information and forms provided by the system for making an election regarding participation. The employer shall retain a copy of the employee's signed election form and mail the original signed election form to the ~~headquarters office of the system as described in Section 22375.~~ *system's headquarters office.* The election shall become effective on the first day of the pay period following the pay period in which the election is made.

~~(e)~~  
(f) If an election is made pursuant to subdivision (a) and the participant's basis of employment with that employer changes to employment to perform creditable service for 50 percent or more of the full-time position during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit ~~Program.~~ *Program as of the last day of the pay period in which the change in the participant's basis of employment occurred.* Creditable service performed for that employer shall be subject to coverage under the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

~~(f)~~  
(g) If an election is made pursuant to subdivision (b) and the participant's basis of employment with the community college district changes to employment that is subject to mandatory membership in the Defined Benefit Program pursuant to Section 22501, 22502, 22503, or 22504 during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit ~~Program.~~ *Program as of the last day of the pay period in which the change in the participant's basis of employment occurred.* Creditable service performed for that employer shall be subject to coverage under the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(h) *If an election is made pursuant to subdivision (c) and the participant's basis of employment with that employer changes to employment that is subject to mandatory membership in the Defined Benefit Program pursuant to Section 22501, 22502, 22503,*

1 or 22504 during one school year with the same employer;  
2 creditable service performed for that employer shall no longer be  
3 covered under the Cash Balance Benefit Program as of the last  
4 day of the pay period in which the change in the participant's basis  
5 of employment occurred. Creditable service performed for that  
6 employer shall be subject to coverage under the Defined Benefit  
7 Program as of the first day of the pay period following the change  
8 in the participant's basis of employment.

9 ~~(g)~~

10 (i) (1) If an employee was excluded from participation in the  
11 Cash Balance Benefit Program pursuant to Section 26401.5, as  
12 that section read on December 31, 2000, for the same service, the  
13 employee may elect to become a participant for creditable service  
14 subject to coverage under the Cash Balance Benefit Program for  
15 that employer, provided all of the following conditions are met:

16 (A) The employment is pursuant to Section 87474, 87478,  
17 87480, 87481, 87482, or 87482.5.

18 (B) The employer offers the Cash Balance Benefit Program.

19 (C) The creditable service is not also subject to mandatory  
20 membership in the Defined Benefit Program.

21 (2) Employers shall, on or before May 1, 2007, make available  
22 to employees described in this subdivision, information and forms  
23 provided by the system for making an election regarding  
24 participation. The employee shall submit the form to the employer  
25 within a 60-day election period designated by the employer. The  
26 employer shall retain a copy of the employee's signed election  
27 form and mail the original signed election form to the ~~headquarters~~  
28 ~~office of the system as described in Section 22375.~~ *system's*  
29 *headquarters office*. The election shall become effective on the  
30 first day of the pay period following the pay period in which the  
31 election is made.

32 ~~SEC. 20.~~

33 *SEC. 34.* Section 26506 of the Education Code is amended to  
34 read:

35 26506. (a) Except as provided in subdivision (b), participants  
36 shall not make voluntary pretax or post-tax contributions into the  
37 Cash Balance Benefit Program, nor shall participants redeposit  
38 amounts previously distributed from employee accounts or  
39 employer accounts.

(b) Pursuant to terms and conditions established by the board, participants may be permitted to transfer funds from eligible retirement plans into the Cash Balance Benefit Program to the extent that the transfers are allowable under and are completed in a manner prescribed by applicable federal and state laws, and any related regulations.

(c) Funds deposited with the Cash Balance Benefit Program by a participant pursuant to subdivision (b) shall be credited to the participant and identified separately from credits in the participant's employee and employer accounts. Funds so deposited shall be treated as credits to the participant's employee account for all other purposes under this part.

~~SEC. 21.~~

*SEC. 35.* Section 26806 of the Education Code is amended to read:

26806. (a) The normal form of retirement benefit under this part is a lump-sum payment. Upon distribution of the lump-sum payment to the participant, no further benefits shall be payable from the plan with respect to the Cash Balance Benefit Program.

(b) The lump-sum payment in subdivision (a) shall not be payable before 180 calendar days have elapsed following the date of termination of employment.

(c) Except as provided in subdivision (d) or subdivision (e) of Section 26812, the application for the retirement benefit in the form of a lump-sum payment shall be automatically canceled if the participant performs creditable service within 180 calendar days following the date of termination of employment.

(d) Subdivision (c) does not apply if the participant has reached that age at which the Internal Revenue Code of 1986 requires a distribution of benefits. A participant who has reached this age shall receive a distribution commencing on the earlier of the date that the participant has met the conditions of subdivision (b) or the conditions of subdivision (c) of Section 26004.

~~SEC. 22.~~

*SEC. 36.* Section 26807.6 of the Education Code is amended to read:

26807.6. (a) A participant who retired and elected an annuity pursuant to Section 26807 may elect to change annuities, subject to all of the following:



1 (1) A participant who elected a single life annuity with or  
2 without a cash refund feature or a period certain annuity may not  
3 change his or her annuity.

4 (2) A participant who elected an annuity under paragraph (3)  
5 or (4) of subdivision (b) of Section 26807 may elect an annuity  
6 under paragraph (3) of subdivision (a) of Section 26807.5.

7 (3) The election of the participant under this section is made on  
8 or after January 1, 2007, and prior to July 1, 2007.

9 (4) The participant designates the same annuity beneficiary that  
10 was designated under the prior annuity elected by the participant,  
11 if the annuity and annuity designation were effective on December  
12 31, 2006.

13 (5) The annuity beneficiary is not afflicted with a known  
14 terminal illness and the participant declares, under penalty of  
15 perjury under the laws of this state, that to the best of his or her  
16 knowledge, the annuity beneficiary is not afflicted with a known  
17 terminal illness.

18 (6) The annuity beneficiary has not predeceased the participant  
19 as of the effective date of the change in the annuity by the  
20 participant.

21 (b) The change in the annuity by the participant shall be effective  
22 on the date the election is signed, provided that the election is on  
23 a properly executed form provided by the system and that election  
24 is received at the system's headquarters office within 30 days after  
25 the date the election is signed.

26 (c) After receipt of a participant's election document, the system  
27 shall mail an acknowledgment notice to the participant that sets  
28 forth the new annuity elected by the participant.

29 (d) If the participant and the annuity beneficiary are alive and  
30 not afflicted with a known terminal illness, a participant may cancel  
31 the election to change annuities and elect to receive the benefit  
32 according to the preexisting annuity election. After cancellation,  
33 the participant may elect to make a one-time change from the  
34 preexisting annuity to any other annuity provided by and subject  
35 to the restrictions of paragraph (1), (2), (3), or (4) of subdivision  
36 (a). The cancellation or the cancellation and one-time change shall  
37 be made on a properly executed form provided by the system and  
38 shall be received at the system's headquarters office no later than  
39 30 calendar days following the date of mailing of the  
40 acknowledgment notice. If the participant elects to make the

1 one-time change provided by this subdivision, the change shall be  
2 effective as of the participant's signature date on the initial election  
3 to change.

4 (e) If the system is unable to mail an acknowledgment notice  
5 to the participant on or before June 1, 2007, or prior to the end of  
6 the election period, provided that the participant and the annuity  
7 beneficiary are alive and not afflicted with a known terminal  
8 illness, the system shall allow a participant to cancel the election  
9 to change annuities and elect to receive the benefit according to  
10 the preexisting annuity election. After cancellation, the participant  
11 may elect to make a one-time change from the preexisting annuity  
12 to any other annuity provided by and subject to the restrictions of  
13 paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation  
14 or the cancellation and one-time change may be made after the  
15 end of the election period if it is made on a properly executed form  
16 provided by the system and is received at the system's headquarters  
17 office no later than 30 calendar days following the date of mailing  
18 of the acknowledgment notice. If the participant elects to make  
19 the one-time change provided by this subdivision, the change shall  
20 be effective as of the participant's signature date on the initial  
21 election to change.

22 (f) If the participant elects to change his or her annuity as  
23 described in subdivision (a) or (d), the participant's annuity shall  
24 be modified in a manner determined by the board to prevent any  
25 additional liability to the plan.

26 (g) References to a "participant" in paragraph (1) of subdivision  
27 (a) shall apply to the nonmember spouse.

28 (h) The participant shall not change annuities in derogation of  
29 a spouse's or former spouse's community property rights as  
30 specified in a court order.

31 ~~SEC. 23.~~

32 *SEC. 37.* Section 26812 of the Education Code is amended to  
33 read:

34 26812. (a) A participant retired for service under this part may  
35 perform retired participant activities, but the participant shall not  
36 make contributions to the plan or accrue service credit under the  
37 Defined Benefit Program based on compensation earned from that  
38 service. The employer shall maintain accurate records of the  
39 earnings of the retired participant and report those earnings monthly  
40 to the system and retired participant.

1 (b) If a participant is retired for service under this part, the  
2 annualized rate of pay for retired participant activities performed  
3 by that participant shall not be less than the minimum, nor exceed  
4 the maximum, paid by the employer to other employees performing  
5 comparable duties.

6 (c) A participant retired for service under this part shall not be  
7 required to reinstate for performing retired participant activities.

8 (d) (1) If all of the following apply to a participant retired for  
9 service under this part, the participant's annuity shall be reduced  
10 by the amount of the compensation:

11 (A) The participant is receiving an annuity under the Cash  
12 Balance Benefit Program.

13 (B) The participant is below normal retirement age or retired  
14 on or after January 1, 2014.

15 (C) The participant earns compensation paid in cash for  
16 performing retired participant activities, excluding reimbursements  
17 paid by an employer for expenses incurred by the participant in  
18 which payment of the expenses by the participant is substantiated.

19 (2) The reduction in paragraph (1) shall only be made for  
20 compensation paid in cash during the first 180 calendar days after  
21 a participant retired for service under this part. The amount of the  
22 reduction in an individual month shall be no more than the monthly  
23 annuity payable in that ~~month~~ month, and the total amount of the  
24 reduction shall not exceed the amount of the annuity payable during  
25 the first 180 calendar days after a participant retired for service  
26 under this part. For written agreements pertaining to the  
27 performance of retired participant activities entered into, extended,  
28 renewed, or amended on or after January 1, 2014, the reduction in  
29 paragraph (1) shall also be made for payments made for the  
30 performance of retired participant activities, including, but not  
31 limited to, those for participation in a deferred compensation plan;  
32 to purchase an annuity contract, tax-deferred retirement plan, or  
33 insurance program; and for contributions to a plan that meets the  
34 requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or  
35 457(f) of Title 26 of the United States Code when the cost is  
36 covered by an employer.

37 (3) Subject to the limitation described in paragraph (4), if all of  
38 the following apply to a participant retired for service under this  
39 part, the participant's application for the retirement benefit shall  
40 automatically be canceled:

1 (A) The participant is anticipated to receive the retirement  
2 benefit in the form of a lump-sum payment.

3 (B) The participant earns compensation for performing  
4 creditable service within 180 calendar days following the date of  
5 termination of employment.

6 (4) Paragraph (3) does not apply if the participant has reached  
7 that age at which the Internal Revenue Code of 1986 requires a  
8 distribution of benefits. A participant who has reached that age  
9 shall receive a distribution commencing on the earlier of the date  
10 that the participant has met the conditions of subdivision (b) of  
11 Section 26806 or the conditions of subdivision (c) of Section  
12 26004.

13 (e) If the participant has attained normal retirement age at the  
14 time the compensation is earned, subdivision (d) shall not apply  
15 if the appointment has been approved by the governing body of  
16 the employer in a public meeting, as reflected in a resolution  
17 adopted by the governing body of the employer prior to the  
18 performance of retired participant activities, expressing its intent  
19 to seek an exemption from the limitation specified in subdivision  
20 (d). Approval of the appointment shall not be placed on a consent  
21 calendar. Notwithstanding any other provision of Article 3.5  
22 (commencing with Section 6250) of Division 7 of Title 1 of the  
23 Government Code or any state or federal law incorporated by  
24 subdivision (k) of Section 6254 of the Government Code, the  
25 resolution shall be subject to disclosure by the entity adopting the  
26 resolution and the system. The resolution shall include the  
27 following specific information and findings:

28 (1) The nature of the employment.

29 (2) A finding that the appointment is necessary to fill a critically  
30 needed position before 180 calendar days ~~has~~ have passed.

31 (3) A finding that the participant is not ineligible for application  
32 of this subdivision pursuant to subdivision (g).

33 (4) A finding that the termination of employment of the retired  
34 participant with the employer is not the basis for the need to acquire  
35 the services of the participant.

36 (f) Subdivision (e) shall not apply to a retired participant whose  
37 termination of employment with the employer is the basis for the  
38 need to acquire the services of the participant.

39 (g) Subdivision (e) shall not apply if the participant received  
40 additional service credit pursuant to ~~Sections~~ Section 22714 or

1 22715 or received from any public employer any financial  
2 inducement to retire. For purposes of this section, “financial  
3 inducement to retire” includes, but is not limited to, any form of  
4 compensation or other payment that is paid directly or indirectly  
5 by a public employer to the participant, even if not in cash, either  
6 before or after retirement, if the participant retires for service on  
7 or before a specific date or specific range of dates established by  
8 a public employer on or before the date the inducement is offered.  
9 The system shall liberally interpret this subdivision to further the  
10 Legislature’s intent to make subdivision (e) inapplicable to  
11 participants if the participant received a financial incentive from  
12 any public employer to retire or otherwise terminate employment  
13 with a public employer.

14 (h) The superintendent, the county superintendent of schools,  
15 or the chief executive officer of a community college shall submit  
16 all documentation required by the system to substantiate the  
17 eligibility of the retired participant for application of subdivision  
18 (e), including, but not limited to, the resolution adopted pursuant  
19 to that subdivision.

20 (i) The documentation required by this section shall be received  
21 by the system prior to the retired participant’s performance of  
22 retired participant activities.

23 (j) Within 30 calendar days of the receipt of all documentation  
24 required by the system pursuant to this section, the system shall  
25 inform the entity seeking application of the exemption specified  
26 in subdivision (e) and the retired participant whether the  
27 compensation paid to the participant will be subject to the limitation  
28 specified in subdivision (d).

29 ~~SEC. 24.~~

30 *SEC. 38.* Section 26906.6 of the Education Code is amended  
31 to read:

32 26906.6. (a) A participant who is disabled and elected an  
33 annuity pursuant to Section 26906 may elect to change annuities,  
34 subject to all of the following:

35 (1) A participant who elected a single life annuity with or  
36 without a cash refund feature or a period certain annuity may not  
37 change his or her annuity.

38 (2) A participant who elected an annuity under paragraph (3)  
39 or (4) of subdivision (b) of Section 26906 may elect an annuity  
40 under paragraph (3) of subdivision (a) of Section 26906.5.

1 (3) The election by the participant under this section is made  
2 on or after January 1, 2007, and prior to July 1, 2007.

3 (4) The participant designates the same annuity beneficiary that  
4 was designated under the prior annuity elected by the participant,  
5 if the annuity and the annuity beneficiary designation were effective  
6 on December 31, 2006.

7 (5) The annuity beneficiary is not afflicted with a known  
8 terminal illness and the participant declares, under penalty of  
9 perjury under the laws of this state, that to the best of his or her  
10 knowledge, the annuity beneficiary is not afflicted with a known  
11 terminal illness.

12 (6) The annuity beneficiary has not predeceased the participant  
13 as of the effective date of the change in the annuity by the  
14 participant.

15 (b) The change in the annuity by the participant shall be effective  
16 on the date the election is signed, provided that the election is on  
17 a properly executed form provided by the system and that election  
18 is received at the system's headquarters office within 30 days after  
19 the date the election is signed.

20 (c) After receipt of a participant's election document, the system  
21 shall mail an acknowledgment notice to the participant that sets  
22 forth the new annuity elected by the participant.

23 (d) If the participant and the annuity beneficiary are alive and  
24 not afflicted with a known terminal illness, a participant may cancel  
25 the election to change annuities and elect to receive the benefit  
26 according to the preexisting annuity election. After cancellation,  
27 the participant may elect to make a one-time change from the  
28 preexisting annuity to any other annuity provided by and subject  
29 to the restrictions of paragraph (1), (2), (3), or (4) of subdivision  
30 (a). The cancellation or the cancellation and one-time change shall  
31 be made on a properly executed form provided by the system and  
32 shall be received at the system's headquarters office no later than  
33 30 calendar days following the date of mailing of the  
34 acknowledgment notice. If the participant elects to make the  
35 one-time change provided by this subdivision, the change shall be  
36 effective as of the participant's signature date on the initial election  
37 to change.

38 (e) If the system is unable to mail an acknowledgment notice  
39 to the participant on or before June 1, 2007, or prior to the end of  
40 the election period, provided that the participant and the annuity

beneficiary are alive and not afflicted with a known terminal illness, the system shall allow a participant to cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the participant may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change may be made after the end of the election period if it is made on a properly executed form provided by the system and is received at the system's headquarters office no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the participant elects to make the one-time change provided by this subdivision, the change shall be effective as of the participant's signature date on the initial election to change.

(f) If the participant elects to change his or her annuity as described in subdivision (a) or (d), the participant's annuity shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) The participant shall not change annuities in derogation of a spouse's or former spouse's community property rights as specified in a court order.

~~SEC. 25.~~

*SEC. 39.* Section 27100 of the Education Code is amended to read:

27100. A participant may at any time designate or change the designation of one or more primary beneficiaries and one or more contingent beneficiaries to receive any lump-sum death benefit that may be payable under the plan. The beneficiary for the lump-sum death benefit under this part may be a person, trust, or the estate of the participant. The beneficiary shall be designated on a form prescribed by the system that is received in the system's headquarters office before the participant's death.

*SEC. 40.* Section 44987 of the Education Code is amended to read:

44987. (a) The governing board of a school district shall grant to any employee, upon request, a leave of absence without loss of compensation for the purpose of enabling the employee to serve as an elected officer of any local school district public employee

1 organization, or any statewide or national public employee  
2 organization with which the local organization is affiliated.

3 The leave shall include, but is not limited to, absence for  
4 purposes of attendance by the employee at periodic, stated, special,  
5 or regular meetings of the body of the organization on which the  
6 employee serves as an officer. Compensation during the leave shall  
7 include retirement fund contributions required of the school district  
8 as employer. The required employer contribution rate shall be the  
9 rate adopted by the Teachers' Retirement Board as a plan  
10 amendment with respect to the Defined Benefit Program as  
11 provided in Section 22711. The employee shall earn full service  
12 credit during the leave of absence and shall pay member  
13 contributions as prescribed by Section 22711. The maximum  
14 amount of the service credit earned may not exceed twelve ~~calendar~~  
15 years. Any employee who serves as a full-time officer of a public  
16 employee organization is not eligible for disability benefits under  
17 the State Teachers' Retirement Plan while on the leave of absence.

18 Following the school district's payment of the employee for the  
19 leave of absence, the school district shall be reimbursed by the  
20 employee organization of which the employee is an elected officer  
21 for all compensation paid the employee on account of the leave.  
22 Reimbursement by the employee organization shall be made within  
23 10 days after its receipt of the school district's certification of  
24 payment of compensation to the employee.

25 The leave of absence without loss of compensation provided for  
26 by this section is in addition to the released time without loss of  
27 compensation granted to representatives of an exclusive  
28 representative by subdivision (c) of Section 3543.1 of the  
29 Government Code.

30 For purposes of this section, "school district" also means "county  
31 superintendent of schools."

32 (b) An employee who after August 31, 1978, was absent on  
33 account of elected-officer service, shall receive full service credit  
34 in the State Teachers' Retirement Plan; provided that, not later  
35 than April 30, 1981: (1) the employee makes a written request to  
36 the employer for a leave of absence for the period of the  
37 elected-officer service, and (2) the employee organization of which  
38 the employee is an elected officer pays to the employee's school  
39 district an amount equal to the required State Teachers' Retirement



1 Plan member and employer retirement contributions, as prescribed  
2 by this section.

3 The school district, following this written request and payment,  
4 shall transmit the amount received to the State Teachers'  
5 Retirement System, informing it of the period of the employee's  
6 leave of absence. The State Teachers' Retirement System shall  
7 credit the employee with all service credit earned for the period  
8 of the elected-officer leave of absence.

9 If the employee has been compensated by the school district for  
10 the period of the service, then, as a condition to the employee's  
11 entitlement to service credit for this period, the school district shall  
12 be reimbursed by the employee organization for the amount of the  
13 compensation.

14 The provisions of this subdivision shall apply retroactively to  
15 all service as an elective officer in a public employee organization  
16 occurring after August 31, 1978.

17 *SEC. 41. Section 87768.5 of the Education Code is amended*  
18 *to read:*

19 87768.5. The governing board of a community college district  
20 shall grant to any employee, upon request, a leave of absence  
21 without loss of compensation for the purpose of enabling the  
22 employee to serve as an elected officer of any local community  
23 college district public employee organization, or of any statewide  
24 or national public employee organization with which the local  
25 organization is affiliated.

26 The leave shall include, but is not limited to, absence for  
27 purposes of attendance by the employee at periodic, stated, special,  
28 or regular meetings of the body of the organization on which the  
29 employee serves as an officer. Compensation during the leave shall  
30 include retirement fund contributions required of the community  
31 college district as employer. Required retirement contributions  
32 shall include the amount necessary to pay any unfunded liability  
33 cost for the retirement plan. The employee shall earn full service  
34 credit during the leave of absence and shall pay member  
35 contributions as prescribed by Section 22901. The maximum  
36 amount of the service credit earned shall not exceed 12 ~~calendar~~  
37 years. Any employee who serves as a full-time officer of a public  
38 employee organization shall not be eligible for disability benefits  
39 under the State Teachers' Retirement System while on the leave  
40 of absence.

1 Following the community college district's payment of the  
2 employee for the leave of absence, the community college district  
3 shall be reimbursed by the employee organization of which the  
4 employee is an elected officer for all compensation paid the  
5 employee on account of the leave. Reimbursement by the employee  
6 organization shall be made within 10 days after its receipt of the  
7 community college district's certification of payment of  
8 compensation to the employee.

9 The leave of absence without loss of compensation provided for  
10 by this section is in addition to the released time without loss of  
11 compensation granted to representatives of an exclusive  
12 representative by subdivision (c) of Section 3543.1 of the  
13 Government Code.

14 *SEC. 42. Any section of any other act enacted by the*  
15 *Legislature during the 2015 calendar year that takes effect on or*  
16 *before January 1, 2016, and that amends, amends and renumbers,*  
17 *adds, repeals and adds, or repeals a section that is amended,*  
18 *amended and renumbered, added, repealed and added, or repealed*  
19 *by this act, shall prevail over this act, whether that act is enacted*  
20 *prior to or subsequent to the enactment of this act. The repeal, or*  
21 *repeal and addition, of any article, chapter, part, title, or division*  
22 *of any code by this act shall not become operative if any section*  
23 *of any other act that is enacted by the Legislature during the 2015*  
24 *calendar year and takes effect on or before January 1, 2016,*  
25 *amends, amends and renumbers, adds, repeals and adds, or repeals*  
26 *any section contained in that article, chapter, part, title, or division.*